



State of Wisconsin
Department of Commerce
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**Consolidated
Annual
Performance
And
Evaluation
Report**

April 1, 2005 - March 31, 2006

State of Wisconsin ■ Jim Doyle, Governor
Department of Commerce ■ Mary P. Burke, Secretary

<p>STATE OF WISCONSIN CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT APRIL 1, 2005 - MARCH 31, 2006</p>
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INTRODUCTION

This document reports on the State of Wisconsin's performance in the first year of its 2005-2009 Consolidated Plan. The Consolidated Plan guides the State's use of U.S. Department of Housing and Urban Development (HUD) formula funding for housing, community, and economic development.

This Consolidated Annual Performance and Evaluation Report describes the resources and activities of the four HUD formula grants—Community Development Block Grants (CDBG), Home Investment Partnerships Program (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA)—for Wisconsin's 2005-2006 program year. The Department of Commerce administers all four formula programs. This report also describes the State's housing activities that are funded through other Federal formula programs, competitive and special grants, and State appropriations.

The State of Wisconsin has based the contents of this Report upon the guidance of HUD's memorandum entitled "Interim Performance Reporting for the 1996 Consolidated Plan Program Year," issued on December 5, 1996.

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PART 1.

**SUMMARY OF HOUSING RESOURCES
AND PROGRAMMATIC ACCOMPLISHMENTS**

A. RESOURCES MADE AVAILABLE TO THE STATE

HUD Formula Grants	Anticipated for 4/05 - 3/06	Actual For 4/05 - 3/06
Community Development Block Grant (CDBG)	\$31,491,158	\$31,491,158
<i>CDBG --Housing</i>	<i>9,447,358</i>	<i>9,447,358</i>
Home Investment Partnerships Program (HOME)*	13,099,187	13,099,187
ADDI 2005	486,794	486,794
Emergency Shelter Grants (ESG)	1,932,083	1,932,083
Housing Opportunities for Persons with AIDS (HOPWA)	383,000	383,000
Subtotal (HUD Formula Grants)	\$47,392,222	\$47,392,222

HUD Competitive Grants (Housing Resources)		
Continuum of Care Homeless Assistance	\$5,494,635	\$5,202,214
Lead Based Paint Abatement (DOA Division of Energy)	-0-	3,000,000

NEW FEDERAL RESOURCES	\$5,494,635	\$8,202,214
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State Programs (Housing Resources)		
Housing Organization and Direct Assistance Program (HODAP)	\$3,300,300	\$3,300,300
State Shelter Subsidy Grants (SSSG)	1,131,000	1,131,000
Transitional Housing Grants (TH)	375,000	375,000
NEW STATE RESOURCES	\$4,806,300	\$4,806,300

SUBTOTAL OF PUBLIC RESOURCES	\$57,693,157	\$60,400,736
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Private Funds (Housing Resources)		
Interest Bearing Real Estate Trust Accounts (IBRETA) (homeless programs)	\$230,000	\$367,522

TOTAL HOUSING & COMMUNITY DEVELOPMENT RESOURCES	\$57,923,157	\$60,768,258
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*HOME funds available total \$21,178,272 including ADDI and carryover.

The table above illustrates the amount that the Department of Commerce (Commerce) anticipated receiving at the time we prepared the Year 1 Annual Action Plan and the actual funding the Department received in the program year. Each of the programs will be described in the next section of this report.

The funding amounts were generally consistent with expectations.

Wisconsin Fresh Start Program

The Wisconsin Fresh Start Program (WFS) in the Division of Housing and Community Development (DHCD) provides and assists with on-site housing construction and rehab work experience, off-site academic classes, and supportive services for at-risk young people, primarily aged 16-24. Several newly-constructed, state-sponsored Fresh Start single family homes or other housing units are in process or have been completed in the communities of: Wautoma (7), Hayward (1), Minong (1), Shell Lake (5), Spooner (1), Eau Claire County (6), Wausau (9), Jackson County (6), Portage (6), Glidden (4), Mellen (2) and Milwaukee (9). Participants had an 80% completion rate for the program. Over 800 youth have been enrolled in the program.

	Reported Amount
Housing Funding Sources	4/05 - 3/06
HOME Project	\$668,000
HOME Admin	70,400
HOME TA	108,747
WHEDA Funds in Support of HOME Program MOU and Dividends	150,000
Focus on Energy and DOE Exxon Oil Overcharge	169,636
Department of Corrections	300,000
Funding Total	\$1,466,783

The DHCD continued the coordination of this Governor's initiative with 11 projects. Funding was provided from: HOME; Wisconsin Department of Administration - Division of Energy; Department of Corrections - Division of Community Corrections and WHEDA Dividends. The program also had a renewal application round and awarded 14 grants to nine agencies. In addition, the WFS arranged funding and completed a contract with Operation Fresh Start for statewide TA.

WFS Program had the following statistics for the last program year for replicates only:

Enrollments	172
Still Active	73
Positive Completions	97
Jobs	57
Average Wage	\$8.63
Second Term Re-Enrollments	19
Post Secondary Enrollments	17
HSED/Return to High School	53
Education Award	77
Housing Units built	13
Housing Units in Progress	13

Revolving Loan Funds and Program Income

A number of DHCDs' programs, both current and past, have generated program income as clients repay loans. For example, in the CDBG program, a resident who received a loan for home improvements repays the loan in full at the time he or she sells the property. Recipients of DHCD contracts are now recycling many program dollars in their communities. DHCD receives annual status reports of these revolving loan funds.

For the program year, Commerce reported the following amounts:

Program Income from Federal Programs	Reported 4/05- 3/06
CDBG Housing Revolving Loan Funds	\$8,860,153
HOME Program Income	3,370,159
Total	\$12,230,312

B. COMMITMENTS AND EXPENDITURES OF AVAILABLE RESOURCES

DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT – BUREAU OF HOUSING SUMMARY

	Obligations/ Commitments	Expenditures/ Disbursements*
HUD Formula Grants		
CDBG Small Cities Housing	\$11,066,724	\$8,189,179**
CDBG Small Cities – Housing Rehab	\$8,186,134	
CDBG Small Cities Housing—Special Project	0	
CDBG Small Cities Housing—Emergency Assistance Project	\$2,880,590	
Home Investments Partnership Program (HOME)	\$12,060,185	14,234,750***
Emergency Shelter Grants (ESG)	\$1,840,970	2,044,110
Housing Opportunities for Persons with AIDS (HOPWA)	\$371,500	322,179
Subtotal (HUD Formula Grants)	\$25,339,379	\$24,790,219
HUD Competitive and Other Grants		
Lead Based Paint Abatement (DOA Division of Energy)	1,096,486	1,761,394
Subtotal (HUD Competitive and Other Grants)	\$1,096,486	\$1,761,394
FEDERAL RESOURCES	\$26,435,865	\$26,551,613
State Programs		
Housing Organization and Direct Assistance Program (HODAP)	3,037,225	2,919,065
State Shelter Subsidy Grant (SSSG)	1,131,000	1,264,591
Transitional Housing Grant (TH)	375,000	372,396
STATE RESOURCES	\$4,543,225	\$4,556,052
TOTAL FOR PUBLIC RESOURCES	\$30,979,090	\$31,107,664
Private Funds		
Interest Bearing Real Estate Trust Accounts (IBRETA)	255,138	311,543
DIV OF COMMUNITY DEVELOPMENT - HOUSING TOTAL RESOURCES	\$31,234,228	\$31,419,208

* Expenditures & Disbursements are based on the State of Wisconsin expenditure records for the evaluation period

** Includes CDBG Special Projects Expenditures & Disbursements

*** Includes ADDI Expenditures & Disbursements

Generally, the DHCD issued contracts in the 2005-2006 program year from the new resources cited in the previous section. In addition, certain programs had carry-over or returned funds that supplemented the actual appropriations.

Expenditures or disbursements were reported by DHCD recipients in the 12-month time frame of the State's program year, and can include funds that the State obligated in previous years.

Each program's activities are described below:

FEDERAL RESOURCES

HOME

In the 2005-2006 program year, HUD authorized the State of Wisconsin to use \$13,099,187 in HOME funds and \$486,794 in ADDI funds. HUD made additional direct allocations to the communities of Eau Claire, Green Bay, Kenosha, La Crosse, Madison, Milwaukee, Racine, Dane County, Rock County and the Milwaukee County consortium, and the Waukesha, Washington, Jefferson and Ozaukee County consortium. Each of these communities (participating jurisdictions) administers and reports on its HOME funds. This report, covers only the HOME allocation that the State received and DHCD administered.

Of the \$21,178,272 in Federal FY'05 funding plus prior year carryover, \$14,234,750 was expended for projects. The balance is used for administration at the State level, at Community Housing Development Organizations (CHDOs) and at other grantees.

DHCD has contracted HOME funds on a formula basis through these subprograms:

- ◆ **Rental Rehabilitation:** Local sponsors provide funds to rental property owners to make improvements in existing residential properties while keeping the housing units affordable to lower-income households.
- ◆ **Homeowner Rehabilitation:** This subprogram allows contractors to make repairs that are needed to bring owner-occupied dwellings up to appropriate housing quality standards and includes making owner-occupied dwellings with disabled residents accessible.
- ◆ **Tenant Based Rental Assistance (Demonstration Program):** HOME funds are used by 6 grantees. See program summary on page 37.

The Division solicits Requests For Proposals (RFPs) annually for:

- ◆ **Homebuyer (including ADDI):** Eligible activities include assistance with certain costs of acquisition, lease-purchase, rehabilitation needed to bring homebuyer dwelling up to HQS, acquisition rehab-resale, and new construction for low-income homebuyers.
- ◆ **WI Fresh Start Program:** Provides at-risk youth with education, skills, and career direction leading to economic self-sufficiency through opportunities for meaningful service in their communities while helping meet the affordable housing needs of low-income families. The program is designed to provide on-site housing construction and rehabilitation experiences for young people aged 16-24.
- ◆ **CHDO Rental Housing Development:** Designed to stimulate affordable rental housing, the DHCD directly provides funds to CHDO's which use funds for

acquisition/rehabilitation and new construction activities that serve households at or below 60% of county median income.

- ◆ **WHEDA Multifamily Development:** DHCD also provides funds through WHEDA for acquisition, rehabilitation and new construction activities that involve low-income housing tax credits or WHEDA bonds. These funds must serve households at or below 60% of county median income, and projects must observe rent limitations for a specified period of time.

DHCD annually sets aside a portion of HOME funds for Community Housing Development Organizations (CHDOs) activity and has significantly exceeded the 15% CHDO reserve requirement.

DHCD committed \$12,060,185 in HOME funding, and disbursed \$14,234,750. As mentioned earlier, HUD had authorized some of this obligated and disbursed funding in previous fiscal years.

CDBG Small Cities - Housing

In the 2005-2006 program year, the DHCD - Housing used the funds it received from the Federal Fiscal Year 2005 CDBG allocation for acquisition, rehabilitation, homebuyer assistance, and small public facilities projects that benefit low- and moderate-income households. These funds are distributed through an RFP process to local units of government that are not CDBG direct entitlement communities,.

Eighteen communities and three urban counties in Wisconsin received direct FY'05 CDBG grants from HUD. They were: Appleton, Beloit, Dane County, Eau Claire, Green Bay, Janesville, Kenosha, La Crosse, Madison, Milwaukee, Milwaukee County, Neenah, Oshkosh, Racine, Sheboygan, Superior, Waukesha, Waukesha County, Wausau, Wauwatosa, and West Allis. Their awards and activities are not included in this report.

For the program year, DHCD committed \$8,186,134 (not including \$2,880,590 in Emergency Assistance funds) in CDBG-Housing funding to 24 units of local government for housing purposes, with contracts ranging in size from \$115,000 to \$650,000. These funds consisted of BOH's portion of the FY'05-06 CDBG allocation, recaptured funds that grantees had not spent in previous fiscal years, and program income that communities returned to the State. In the latest CDBG housing competition, applicants were able to apply for a maximum of \$650,000 with a 24-month contract. Langlade County, Marinette County, Randolph, Shell Lake, Berlin, Green Lake County, Grant County, Kenosha County, Adams County, and Richland County had active CDBG Emergency Assistance Program grants totaling \$2,880,590. CDBG grantees expended \$8,189,179 during the program year.

Emergency Shelter Grants

For the 2005-2006 program year, HUD allocated \$1,932,083 in Emergency Shelter Grant funding to the State of Wisconsin. Three entitlement jurisdictions in Wisconsin also received direct HUD grants (the Madison, Milwaukee, and Racine awards totaling \$932,705 are not included here). The State distributes its ESG funds through an RFP process to non-profit organizations, housing authorities and units of local government.

DHCD obligated \$1,840,970 of ESG funds to 79 non-profit providers and units of local government, representing 122 agencies, for the purpose of serving homeless people and households at risk of losing their housing. In addition, DHCD allocated \$171,638 in IBRETA funds and \$375,000 in Transitional Housing Program Grant funds with these ESG contracts. Grants ranged from \$5,000 to \$182,076. The local providers used the funds for homelessness prevention, rehabilitation, essential services and operating costs. During the year, ESG contractors reported expending \$2,014,172 in ESG funds.

Housing Opportunities for Persons with AIDS

DHCD received \$383,000, of which \$371,500 was awarded to the Aids Resource Center of Wisconsin (ARC/W). ARC/W subcontracted with a number of providers around the state, 66 counties outside of the Milwaukee Metro area, to provide rent and utility assistance, housing counseling, security deposits, and supportive services (i.e., case management). ARC/W began the current contract in October 2005. During the year, the State disbursements under the HOPWA program totaled \$322,179. See Addendum B for HOPWA Performance Chart 1 and Chart 2.

Lead-Based Paint Hazard Reduction (LHR)

The Department of Administration, Division of Energy (DOE) concluded the Round 7/10 grant cycle in December 2004. DOE submitted an application for a LHR Grant under HUD's FY'05 competitive grant cycle. This application was successfully funded in September 2004 at \$3,000,000. The grant period covers October 1, 2004 thru March 31, 2008 and will result in at least 210 dwelling units being made lead safe.

The program continues the model established under previous funding cycles. The Department of Health and Family Services (DHFS) is responsible for all testing, specification development and clearance testing. All Weatherization contractors (outside the City of Milwaukee) take applications and certify eligibility. Fifteen Weatherization contractors oversee hazard reduction activities on LHR projects. Local health departments perform education and outreach, and refer lead-poisoned children to the LHR program. In the 2005–2006 program year, Weatherization contractors committed \$1,096,486 and the Division of Energy reports program expenditures of \$1,761,394. The grant cycle concluded in December 2004 and resulted in 480 dwelling units being made lead safe.

State Resources

Housing Cost Reduction Initiative (HCRI)

In the 2005-2006 program year, Commerce developed a consolidated state housing assistance program, HODAP (noted below). No new HCRI awards (providing homeowner or homebuyer assistance) were made. However, several existing HCRI grants remain active. In the future, DHCD will distribute HCRI funds in conjunction with the federal HOME –Homebuyer Program.

Housing Organization Direct Assistance Program (HODAP)

Housing Organization Direct Assistance Program (HODAP) funds are designed to provide direct financial assistance to reduce the housing costs of low- and moderate-income households. Private organizations; housing authorities; cooperatives; religious societies; county, city, village or town governments; and Tribes, can use HODAP funds. HODAP housing funds may be used by renters to pay rent, utility costs and security deposits; by homeowners to prevent foreclosure; and by homebuyers for down payment and closing costs. HODAP administrative funds support grantee housing activities and may be used to provide housing counseling as well as staff salaries and other administrative necessities such as training, materials and equipment. DHCD distributes HODAP funds through a competitive RFP process.

In the 2005-2006 program year, DHCD obligated \$3,037,225 of HODAP funds through 14 contracts, ranging from \$100,260 to \$332,500. HODAP and HCRI grantees expended \$2,919,065 throughout the course of the year.

State Shelter Subsidy Grants (SSSG)

The State Shelter Subsidy Grant covers up to 50% of the operating costs of local homeless shelter programs. DHCD distributes funds throughout the State by formula, based on past shelter use and anticipated need, to three “regions”: Milwaukee County, Dane County, and the remainder of the State.

During the 2005-2006 program year, DHCD obligated \$1,131,000 in new SSSG funds to 37 organizations. DHCD combined \$53,500 of IBRETA funds with these SSSG contracts. Grants ranged from \$1,100 to \$362,607. Grantees reported expending \$1,258,315 in SSSG funding during the program year.

Transitional Housing Grants

The Transitional Housing Grants Program provides funds to assist homeless families who are in transitional housing programs to access permanent housing, education, job training, and other services. DHCD awards funds on a competitive basis to units of local government, non-profits and housing authorities.

DHCD awarded a new set of annual grants in mid-2005, in conjunction with the HUD ESG grants, using \$375,000 from the state allocation. Eighteen grantees throughout the State received awards, ranging from \$2,000 to \$41,256. Existing and new grantees expended \$372,395 in 2005-2006.

PRIVATE RESOURCES

Interest Bearing Real Estate Trust Accounts (IBRETA)

The Wisconsin Legislature created the Interest Bearing Real Estate Trust Account (IBRETA) in its 1991-1992 session to provide funds for programs serving Wisconsin's homeless individuals and families. IBRETA requires real estate brokers and salespersons to place certain client funds in pooled interest bearing trust accounts and also requires banks to submit the interest earned on those accounts, after reasonable service charges are deducted, to the Department of Administration.

During the 2005-2006 program year, DHCD granted \$225,138 in IBRETA funds to agencies in conjunction with Emergency Shelter Grants, State Shelter Subsidy Grants and Transitional Housing Grants. These agencies reported expenditures of \$311,543 of IBRETA funds.

PROGRAM INCOME

Program Income/Revolving Loan Funds	Expenditures
CDBG Housing Revolving Loan Funds	\$8,860,153*
HOME Program Income	3,370,159
TOTAL	\$12,230,312

*Includes admin

CDBG Revolving Loan Funds

One hundred ninety-seven communities that received CDBG Small Cities Housing contracts in previous fiscal years have program income. This income has been generated largely through the repayment of rehabilitation loans. The majority of revolving loan funds are reallocated to additional rehabilitation projects. Annually, DHCD requests communities to report on the income received and the expenditure of these recycled funds.

During the 2005-2006 program year, these communities reported \$6,835,139 in expenditures of Revolving Loan Funds to new rehabilitation projects.

HOME Program Income

HOME recipients receive repayments on loans made in previous years. They may also receive interest payments on loans or on properties that no longer qualify as affordable housing. A recipient must disburse HOME program income funds before making a request for new HOME funds. However, DHCD strongly encourages grantees to blend program income with new HOME funds. Recipients may expend ten percent of program income to eligible administrative costs.

The HOME Program generated \$3,370,179 in program income. In addition to those funds, local organizations generated \$146,357 in program income, which went directly to the state. The primary source was HOME Rental Housing Development.

C. GEOGRAPHIC DISTRIBUTION OF INVESTMENTS

HOUSING

Through several of its programs, the Division of Housing and Community Development attempts to ensure equitable geographic distribution of funds, based upon the proportion of low income households in each location (as determined by the 1990 Census data).

DHCD has defined three groupings of the State's counties:

- ◆ Milwaukee Metro: the four counties of the Milwaukee-Waukesha Primary Metropolitan Statistical Area
- ◆ Other Metro: 15 counties that are or are included in Metropolitan Statistical Areas
- ◆ Rural: the remaining 53 counties in the State.

The specific counties in each grouping are:

Grouping	Counties
Metro Milwaukee (4)	Milwaukee, Ozaukee, Washington, Waukesha
Other Metro (15)	Brown, Calumet, Chippewa, Dane, Douglas, Eau Claire, Kenosha, La Crosse, Marathon, Outagamie, Racine, Rock, St. Croix, Sheboygan, Winnebago
Balance of State (53)	Adams, Ashland, Barron, Bayfield, Buffalo, Burnett, Clark, Columbia, Crawford, Dodge, Door, Dunn, Florence, Fond du Lac, Forest, Grant, Green, Green Lake, Iowa, Iron, Jackson, Jefferson, Juneau, Kewaunee, Lafayette, Langlade, Lincoln, Manitowoc, Marinette, Marquette, Menominee, Monroe, Oconto, Oneida, Pepin, Pierce, Polk, Portage, Price, Richland, Rusk, Sauk, Sawyer, Shawano, Taylor, Trempealeau, Vernon, Vilas, Walworth, Washburn, Waupaca, Waushara, Wood

ESG, THP, HCRI and HODAP use these county groupings to allocate their funds. ESG allocates to the groupings based on a set of indicators of the potential risk of homelessness. THP, HCRI and HODAP award approximately one-third within each grouping.

Other DHCD programs following geographically oriented allocation formulas:

- ◆ *State Shelter Subsidy Grants*: three "areas" (Milwaukee County, Dane County and the remainder of the State) based on actual shelter use and anticipated need.

The following table summarizes the Division of Housing and Community Development's allocation of funding in 2005-2006, based on commitments or contract awards. Programs in which no new commitments or contracts were issued during the year and program income-based programs are not included. HOME program allocations totaling \$12,271,385 were distributed statewide to nonparticipating jurisdictions that otherwise do not receive HOME funds directly from HUD. In addition, HUD formula grants to entitlement communities, all of which are in the Milwaukee Metro and Other Metro counties, are not included in the table below.

Program	Statewide	Milwaukee Metro	Other Metro	Non-Metro
CDBG Small Cities Housing	\$11,066,724	0		
ESG	\$1,896,984	\$527,662	\$848,943	\$520,379
HOPWA	\$371,500	n/a	\$371,500	n/a
HODAP	\$3,037,225	\$1,037,225	\$1,000,000	\$1,000,000
SSSG	\$1,131,000	\$433,107	\$599,693	\$98,200
Transitional Housing	\$375,000	\$125,000	\$125,000	\$125,000
IBRETA	\$225,138	\$59,250	\$108,988	\$56,900

D. HOUSEHOLDS AND PERSONS ASSISTED

HOUSING

DHCD Data Support Systems

DHCD uses the Integrated Disbursement Information System (IDIS) and a variety of internal data tracking systems primarily in Access.

DHCD's homeless grantees use our statewide homeless database, known as WI ServicePoint (WISP). Statewide, there are 140 agencies with over 600 identified programs, using the system. WISP is recognized as a national model for tracking homeless persons and persons at risk of becoming homeless.

At the 2005 Homeless Management Information Systems (HMIS) Conference sponsored by the U.S. Department of Housing and Urban Development in St. Louis, Missouri, the Wisconsin Department of Commerce was honored with a national HMIS Innovation award for outstanding achievement. The award was for the implementation of our affordable rental housing website, www.wifrontdoorhousing.org. This website now lists thousands of affordable housing rentals in a searchable database that is available throughout Wisconsin to anyone having Internet access. The site is completely free to both property owners and managers to advertise their rental units, and to those looking for an affordable place to live.

The Center for Digital Government announced that WIFrontdoorHousing has won the Digital Achievement Award in the Government to Citizen category for 2005 at its tenth annual Best of the Web contest in September in Las Vegas Nevada. The Best of the Web contest is the original and most popular website competition in state government, local government and education. Hundreds compete, but only a handful take home the prize. The Center for Digital Government is a national research and advisory institute on information technology and best practices in state/local government.

Households Assisted

Overall, the State of Wisconsin, through its Division of Housing and Community Development programs, exceeded its goal for total households assisted, as estimated in the 2005-2006 Consolidated Plan Annual Update. DHCD programs assisted 17,949 households, of whom 17,454 were low-income (below 80% of median income).

The following tables illustrate the proposed numbers of low-income households and persons to be assisted and the actual numbers in each category.

Households Assisted With Housing (All Federal and State Programs)

All	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	28,460	13,267	-14,793	-53%
31 to 50% of Median	9,460	2,526	-7,624	-75%
51 to 80% of Median	2,080	1,661	-1,094	-40%
Total Low Income HHs	40,000	17,454	-23,511	-57%
81%+ of Median***	700	495	85	21%
Total Households	40,700	17,949*	-23,426	-57%

* The primary reason that these numbers are significantly lower than projected in the Annual Plan, is due to the fact that we are now extracting data from WISP, which results in "unduplicated" numbers. In previous CAPER reporting, agencies receiving multiple homeless grants were required to report for each grant, and there was duplicate reporting.

Renters	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	2,100	1,493	-607	-29%
31 to 50% of Median	635	732	97	15%
51 to 80% of Median	155	240	85	55%
Total LI Renters	2,890	1,465	-425	-15%
81%+ of Median	0	31	31	
Total Renters	2,890	2,496	-394	-14%

Existing Home Owners	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	260	246	-14	-5%
31 to 50% of Median	325	327	2	1%
51 to 80% of Median	25	350	100	40%
Total LI Owners	835	923	88	11%
81%+ of Median	50	214	164	328%
Total Owners	885	1,137	252	28%

Home Buyers	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	100	108	8	8%
31 to 50% of Median	400	400	0	0%
51 to 80% of Median	500	601	101	20%
Total LI Buyers	1,000	1,109	109	11%
81%+ of Median	0	0	0	%
Total Home Buyers	1,000	1,109	109	11%

Homeless ¹	Proposed	Actual	# Difference	% Difference
Homeless Individuals	24,000	7,659	-16,341	-68%
Homeless Families	12,000	4,709	-7,291	-61%
Homeless Households*	36,000	12,368	-23,632	-66%

¹ Includes homelessness prevention households served by the HUD Emergency Shelter Grants (ESG) program.

0 to 30% of Median	25,200	10,883	-14,317	-57%
31 to 50% of Median	8,640	865	-7,775	-90%
51 to 80% of Median	1,800	371	-1,429	-79%
Total Homeless Households	35,640	12,119	-23,521	-66%
81%+ of Median	360	249	-11	-31%
Total Homeless	36,000	12,368	-23,632	-66%

Non-homeless Special Needs**	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	440	537	137	34%
31 to 50% of Median	150	202	52	35%
51 to 80% of Median	50	99	49	98%
Total LI Special Needs	600	838	238	40%
81%+ of Median	0	1	1	-
Total Special Needs	600	839	239	40%

* The primary reason that these numbers are significantly lower than projected, is due to the fact that we are now extracting data from WISP, which results in “unduplicated” numbers. In previous CAPER reporting, agencies receiving multiple homeless grants were required to report for each grant, and there was duplicate reporting.

**For reporting purposes all non-homeless special needs were counted under the previous categories. HCRI numbers are shown under this category and included in the above totals.

***Numbers entered in the 81%+ and above category are generally attributable to CDBG disaster assistance or counseling and other assistance to victims of domestic violence or persons with special needs.

**Households Assisted With Housing (Federal Formula Allocation Programs--
CDBG Housing, HOME, ESG and HOPWA)**

All	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	25,236	11,544	13,692	-54%
31 to 50% of Median	9,289	1,846	-7,443	-80%
51 to 80% of Median	2,068	1,498	-570	-27%
Total Low Income HHs	36,593	14,888	-21,705	-60%
81%+ of Median	700	375	-325	-46%
Total Households	37,293	15,478	-21,815	-58%

Renters	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	105	64	12	-11%
31 to 50% of Median	173	72	-99	-57%
51 to 80% of Median	29	13	-16	-55%
Total Low Income HHs	307	149	158	-51%
81%+ of Median	0	26	26	%
Total Renters	307	175	132	-43%

Existing Home Owners	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	127	137	10	7%
31 to 50% of Median	251	276	25	10%
51 to 80% of Median	361	364	3	0%
Total Low Income HHs	739	777	38	5%
81%+ of Median	0	129	129	%
Total Owners	739	906	205	27%

Home Buyers	Proposed	Actual	# Difference	% Difference
0 to 30% of Median	4	28	24	600%
31 to 50% of Median	65	111	46	70%
51 to 80% of Median	178	215	37	20%
Total Low Income HHs	247	354	107	43%
81%+ of Median	0	0	0	%
Total Home Buyers	247	354	107	43%

Homeless²	Proposed	Actual	# Difference	% Difference
Homeless Individuals	24,600	8,544	-16,598	-67%
Homeless Families	11,400	5,258	-6,480	-56%
Homeless Households	36,000	13,802	-23,078	-64%
0 to 30% of Median	25,000	10,883	-13,685	-54%
31 to 50% of Median	8,800	865	-7,839	-89%
51 to 80% of Median	1,500	371	-1,074	-71%
Total Low Income HHs	35,300	12,119	-22,598	-64%
81%+ of Median	700	249	-480	-68%
Total Homeless Households	36,000	12,368	-23,078	-64%

² Includes homelessness prevention households served by the HUD Emergency Shelter Grants (ESG) program.

Racial/Ethnic Composition

The following table provides the number and percentage of various ethnic and racial groups that DHCD programs assisted in 2005-2006.

Category	DHCD Data 2004 – 2005	
	Number	%
White	37,156	54.84%
Asian	960	1.42%
Black/African-American	22,496	33.20%
American Indian/Alaskan Native	1,694	2.50%
Native Hawaiian/Other Pacific Islanders	115	0.17%
American Indian/Alaska Native & White	2,243	3.31%
Black/African American & White	1,078	1.59%
Asian & White	0	
American Indian/Alaskan Native & Black/African American	0	
Other/not identified	2,015	2.97%

Client data taken from WISP for all non-profit agencies using the statewide system shows that overall 67,754 clients (unduplicated count – 11,572 individuals and 56,182 in a household) were homeless or at risk of being homeless. They received services including shelter, food assistance, counseling, or a variety of other services. The homeless programs combined provided over 804,000 shelter nights. Of the services provided, 7879 (71%) were adults and 3542 (29%) were children (2% of total unknown). Slightly more males (6242 or 53%) than females (5505 or 47%) received services.

PART 2.

HOUSING NARRATIVE STATEMENTS

A. ACTIONS TO AFFIRMATIVELY FURTHER FAIR HOUSING

Impediment

Lack of State Law's Equivalence to Federal Law. Because the State's Open Housing Law did not include the provision of legal representation for the complainant or respondent in discrimination cases that proceed to administrative hearings or court, HUD has not certified Wisconsin as a "substantially equivalent" jurisdiction, resulting in a possible loss of greater reporting of fair housing violations to the State as well as a loss of federal funds for administration, enforcement and education and outreach available to substantially equivalent jurisdictions.

Actions to address Impediment

The 2005-2007 Biennial Budget Bill included changes to the Open Housing Law that may make Wisconsin law equivalent to federal law. The revised Open Housing Law requires representation for the complainant by the Attorney General in cases that both the Department of Workforce Development and the Attorney General find probable cause. Representation by the Attorney General is provided for administrative and civil hearings; the complainant can elect a civil action rather than an administrative hearing. In addition, at the request of the Department of Workforce Development the Attorney General will file a petition for a temporary injunction. Wisconsin has applied to HUD for substantial equivalency.

Impediment

Local Land-Use Regulations. Wisconsin's tradition of "home rule", embodied in the State Constitution, means that municipalities control most zoning and land use decisions (the siting of community residential facilities and environmental regulations are exceptions). The concern is that "home rule" allows communities to use ordinances to keep affordable and multifamily housing—frequently the routes by which lower-income, often minority, households enter a community—from being developed. In addition, the use of impact fees for new development raises the cost of new housing and increases the value of existing housing, thus generally reducing affordability. In short, zoning and impact fees can have the effect of "disparate impact": policies that appear neutral on their face may actually increase segregation.

Action to address Impediment

The success of State HOME recipients in promoting their program locally and providing affordable housing opportunities to all racial and ethnic groups is evidenced by the June 30, 2006, HOME Program Progress Dashboard. Since 1992, non-white households account for 8.8% of the HOME rental projects and 11% of the homebuyer projects. These percentages compare favorably with the 2003 Census estimate of a 4.1% ethnic and minority population for the Wisconsin Balance of State (the category that closely aligns with the State's jurisdiction).

The HOME Rental Housing Development program continues to fund projects with 3 or more bedrooms throughout the Balance of State area.

The scoring system for the WHEDA Low-Income Housing Tax Credit program applications includes significant preference points for developing large family units (3-bedroom or larger), units intended for immediate occupancy by residents with special needs, and units with accessible design.

Impediment

Discrimination in Consumer Lending. The administrative code (DFI-Bkg 80.85) on discrimination in the granting of credit prohibits discrimination on the basis of sex or marital status only. Currently, a complainant would have to seek remedy from the Equal Rights Division under the Open Housing Law.

Action to address Impediment

The Department of Financial Institutions has amended ss. DFI-Bkg 80.85 (1) and (2), and created s. DFI-BKG 80.85 (5), Wis. Admin Code, effective 9/17/05, to expand the bases of discrimination for consumer lending by banks. The rule makes discrimination on a prohibited basis in the granting or extension of credit an unconscionable credit practice. The rule now defines prohibited basis to include sex, marital status, age provided the applicant has the capacity to enter into a binding contract, race, creed, religion, color, disability, national origin, ancestry, sexual orientation, or membership in the military forces of the United States or this state; that all or part of the applicant's income derives from any public assistance program; and that the applicant has in good faith exercised any right under the Consumer Credit Protection Act or any state law.

Impediment

Predatory Lending. The federal Home Ownership and Equity Protection Act (HOEPA) and Wisconsin's Homeowner's Protection Act do not apply to all predatory loans, so predatory lending can still legally occur. Loans with abusive terms that are not in excess of the annual points and fees or annual percentage rate are not protected by the predatory lending laws. Both Wisconsin and federal law do not make it illegal to have a clause in loans requiring arbitration; arbitration clauses deny consumers the right to go to court to seek damages. Though the new Homeowner's Protection Act increases fair housing by eliminating some predatory loans, loans that include abusive terms still occur legally. Predatory lenders usually target vulnerable groups (most often senior citizens and minorities), which is the reason that predatory lending is considered a fair housing issue.

Action to address Impediment

The effectiveness of enforcement activities under State law is unknown because no complaints have been filed with DFI.

Division staff work with the UW Extension staff to develop the curriculum for the "Train the Trainer" workshops on homebuyer education which includes predatory lending training. Commerce covers the cost of the homebuyer education module for grantees attending the training.

Lending options, which includes a predatory lending discussion, is part of the 6 hours of mandatory homeowner education that every household receiving homebuyer assistance is required to attend.

One of the required activities in the Division's annual contract with the Metropolitan Milwaukee Fair Housing Council (MMFHC) is to provide information and training on Fair lending laws and practices.

Impediment

Predatory Appraisals. Predatory appraisals, whether due to collusion between appraisers and lenders or due to pressure put on appraisers by a third party, decrease the affordability of housing by increasing fees that are based on the value of the home, and can result in decreased equity from homeownership. Legal protection against predatory appraisals is limited. Appraisers are required by statute and professional ethics guidelines to appraise properties honestly, rather than on a predetermined basis. There are no legal repercussions for third parties who pressure appraisers to give an inflated appraisal.

Action to address Impediment

In Wisconsin a real estate appraiser is a person engaged in the practice of real estate appraisal. Real estate appraisal means providing an analysis, opinion or conclusion relating to the nature, quality, value or utility of specified interests in or aspects of real estate. Wisconsin grants three types of credentials, licensed appraiser, certified residential appraiser, and certified general appraiser.

Federal mandate requires that after January 1, 1993, all appraisers must be licensed or certified by a state licensing agency in order to conduct appraisals which involve "federally related transactions." However, appraisers are not required to be licensed or certified in Wisconsin in order to perform "non-federally related transactions."

Licensing involves taking and passing a real estate appraisal exam. A handbook has been prepared by the Dept. of Regulation and Licensing to help applicants prepare for the exam. Among the subjects covered are social, governmental, legal and regulatory aspects of real estate markets.

Impediment

Housing Stock. The housing stock in Wisconsin provides limited housing choices for people with mobility impairments and for large families. Much of Wisconsin's housing stock is older and is not accessible for people with mobility impairments to do an initial inspection, thus limiting housing choice.

Housing choices for larger families are limited due to occupancy standards and the low availability of homes with many bedrooms. According to the 2000 Census, in owner occupied housing, more than 77 percent of the units had three or more bedrooms. However in rental housing, more than 76 percent of the rental housing stock had two or fewer bedrooms.

Action to address Impediment

As previously noted, State affordable housing programs address the need for rental units for larger families through the Commerce HOME Rental Housing Development program which continues to fund projects with 3 or more bedrooms and the WHEDA LIHTC program that provides for significant preference points for developing large family units (3-bedroom or larger), units intended for immediate occupancy by residents with special needs, and units with accessible design.

For this reporting period, CDBG and HOME provided housing assistance for 97 special needs households.

Impediment

Language Barriers. Wisconsin is home to 368,712 people who speak English as a second language (ESL) that have varying levels of competency in the English language. It is likely that this population will continue to increase due to immigration. The ESL population is a double concern

due to their English language skills and because the ESL population tends to be lower-income, and thus have limited resources. Households with limited English language capacity are less likely to be aware of their rights and of resources available to aid in cases of housing discrimination. In addition, these households may not be aware of other housing resources available, putting these households at a disadvantage in securing housing. Even households where English is spoken well may find it easier to understand documents available in their first language.

Action to address Impediment

Three state funded Housing Organization Direct Assistance Grant recipients are utilizing special capacity building funds to assist non English speakers. The funds are specifically used for translations in Hmong and Spanish, printing of homebuyer information, and distribution of materials.

Impediment

Extent of Discrimination. Complaint data is one of the few measures of discrimination in housing. It is likely that not all cases of discrimination are reported. The lack of a good measurement for discrimination makes it difficult to assess if the state is making progress in reducing discrimination.

Actions to address Impediment

The following tables and text describe the complaints received from Wisconsin residents for 2004 and 2005 by HUD's Fair Housing Enforcement Center and the State Department of Workforce Development's Equal Rights Division (ERD).

In 2005, ERD received a total of 70 housing discrimination complaints in comparison to 61 complaints in 2004. HUD received 102 housing complaints compared to 54 the previous year.

The primary reasons that complaints were filed are summarized in the following table. Frequently, complainants file on several bases. Thus, the total bases for complaints are greater than the total complaints.

BASIS FOR COMPLAINTS

Basis	DWD - ERD			HUD		
	2004	2005	Net Change	2004	2005	Net Change
Race	30	24	-6	23	38	15
Familial Status	11	17	6	16	26	10
Disability	14	20	6	19	33	14
Sex	6	13	7	1	4	3
Retaliation*	6	7	1	1	5	4
National Origin	7	6	-1	1	7	6
Religion	2	2	0	3	3	0
Color	7	2	-5	0	3	3
Martial Status	4	6	2			
Age	3	9	6			
Sexual Orientation	4	2	-2			
Income Source	9	17	8			
Ancestry**	0	0	0			

TOTAL COMPLAINTS	61	70	9	54	102	48
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*Retaliation occurs toward complainant after complaint has been filed.

**Included in national origin.

Most complaints were on the basis of race, disability, or familial status. These three categories constituted 79.5% of the HUD complaints, but only 48.8% of the DWD ERD housing complaints. In addition, DWD ERD complaints involving lawful income were as prevalent as complaints pertaining to familial status. Overall, housing complaints increased, but the increase was more significant for HUD complaints. Though HUD complaints received in 2005 increased to 102, this is comparable to the number of complaints in 2003 of 107.

The reason for the increase in the number of complaints in 2005 cannot be determined. Without being able to evaluate the reason for the increase reporting it is difficult to determine if this is cause for concern. Is an increase in complaints an increase in unfair housing practices? Or, is possible that discrimination has not become more prevalent, but that reporting has increased? The increased reporting could demonstrate that fair housing education efforts have been successful in making people aware of their rights and thus more people are reporting failure to comply with the fair housing laws.

The 2005-2006 cases HUD resolved, settled or conciliated was approximately 52.9%, greater than the 42.9% in 2004-2005 cases. ERD's percentage of cases resolved, settled or conciliated decreased from the previous year from 32.7% to 20.4%. In cases where there was no probable cause or discrimination found, HUD's reported outcomes decreased from 46.4% to 28.4% of cases while ERD outcomes increased from 29.6% to 32.3%.

OUTCOMES ON CASES FILED

	HUD	ERD
Number of 2005 Cases Closed	102	93
Percent closed administratively related to complainant (complainant failed to respond or withdrew without resolution or office unable to locate complainant)	6.9%	37.6%
Percent closed for other administrative reasons (untimely filing, lack of jurisdiction, referral to other agency)	11.8%	9.7%
Percent no probable cause or no discrimination found	28.4%	32.3%
Percent resolved, settled or conciliated	52.9%	20.4%

Other activities:

Several DHCD staff attended and participated in the Wisconsin Fair Housing Network's regular meetings and biennial awards luncheon. DHCD staff members coordinated the statewide Fair Housing Poster and Essay Contest, a number of DHCD staff members served as Contest judges, and DHCD staff were presenters at the annual awards ceremony.

DHCD provided training, technical assistance and program materials to its recipients on fair housing and equal opportunity issues, as well as, affirmative marketing and the use of local businesses, women-owned businesses and minority-owned businesses as suppliers of goods and services.

DHCD provided \$73,700 and WHEDA provided \$60,000 for a contract with the Metropolitan Fair Housing Council to undertake a variety of fair housing related activities as follows:

- Complaint intake and investigative services and referral to persons across the state who believe that they have experienced illegal discrimination.
- Conduct fair housing testing activities.
- Provide referral services to clients who have non-fair housing inquiries.
- Provide technical assistance in the area of fair housing to residents, housing providers, and social service agencies throughout the state of Wisconsin.
- Distribute fair housing and fair lending educational materials to advocacy, social service, homeless, and community-based organizations across the state.
- Conduct fair housing workshops and work with the State to conduct presentations, workshops or trainings to provide information on fair housing and fair lending laws and practices.

The DHCD maintained eligibility of State funding for fair housing grants. DHCD made the following Fair Housing-related awards in 2005-2006:

Legal Action/Wisconsin provided mediation and counseling to homeless households and households at risk of homelessness in 11 counties through funds from the Emergency Shelter Grant.

ESG Funds were provided to an additional 12 agencies through the Emergency Shelter Grant to provide mediation and advocacy for homeless households and households at risk of homelessness.

Beginning in July 2006, all agencies receiving ESG and HPP funds will be required to provide data regarding the demographics of the populations receiving services. In the future, DHCD will be able to provide a breakdown by protected class for funds used for housing counseling, mediation, and advocacy.

Monitoring of state and federally funded housing programs addresses:

- Outreach to protected classes
- Posting of Affirmative Action and Fair Housing Posters, and
- Efforts to utilize small businesses and minority/women's businesses.

B. HOMELESS AND OTHER SPECIAL NEEDS

The State views homelessness as a top housing priority. In 2005-2006, the Bureau of Supportive Housing (BSH) continued to maintain and to expand the continuum of housing programs for individuals and families, sought additional funding to fill gaps in services, and broadened successful and effective prevention and intervention programs. BSH also continued to work with a variety of entities to address the root causes of homelessness.

Specifically, the State's homelessness strategy consists of:

- WISP participation was increased from 120 to 150 agencies and a category was added to the system to allow agencies to track households that meet the definition of chronic homelessness. A training

partnership was initiated with Salvation Army to ensure all SAs are using WISP. This enables BSH to determine the cyclical shelter usage by specific individuals and to better quantify the number of homeless individuals and families that are victims of chronic homelessness by tracking shelter and service usage. Over 950 individuals, active users statewide, have been trained and are using the WISP HMIS system. Over 150,000 client records have been entered in the system.

- Training was provided to over 150 users and in addition “Training the Trainer” training was provided on a regional basis so those trainers can continue to provide necessary training in their service areas. An additional 20 agencies were trained to use WISP to track activity in the state funded HODAP program.
- Continuation of wifrontdoor.org a statewide housing/homeless service inventory. Staff continues to expand the inventory of housing and services on WIFrontdoor, this is an ongoing activity. Staff is working with United Way to determine how this resource can link with the statewide 211 system.
- Continuation of the housing inventory at wefrontdoorhousing.org over 112,000 units of affordable housing have been listed on the website and agencies are finding it an invaluable resource for affordable permanent housing alternatives for homeless and low income persons throughout the state (60,000 searches annually).
- Continuation of GPR funding for emergency shelters and transitional housing. Over \$3 million in State Shelter Subsidy, Transitional Housing, Housing Cost Reduction Initiative and Interest Bearing Real Estate Trust Account Grant funds were committed to over 85 homeless housing and service providers.
- Priority use of HUD ESG funds for Prevention and Essential Services. Seventy percent of HUD ESG funds, (\$1,387,412) the maximum allowed by HUD, were committed to Prevention and Essential Services. In addition, over \$1,584,000 in state funds were provided for Homelessness Prevention and Rental Assistance through the Housing Organization Direct Assistance Program (HODAP).
- Development of new and expansion of existing transitional shelter and service programs. The state funded Transitional Housing Program provided funding for 18 new or expanded Transitional Housing Programs.
- Provision of technical assistance to homeless shelter and service programs to assist them in accessing adequate funding and in development of local continuums. Three SHP/ESG/THP meetings were held around the state. Ongoing TA was provided on-site to two agencies.
- Receipt of additional funding through the COC Supportive Housing Program for the expansion of transitional and permanent housing options. Commerce was successful in the application for \$5.2 million of SHP funding for the 2005-2006 grant round for twenty-eight project renewals. including the DHCD SHP HMIS project.
- Coordinate activities with the collaborating agencies to ensure an accurate count of homeless persons. Point in Time surveys were completed on September 23, 2005 and January 26, 2006. Several agencies worked with law enforcement and community groups to do street counts. BSH provided standard definitions and provided training to agencies to ensure an accurate count.
- Continue coordination of activities between DHFS and BSH in the administration of HOPWA and Shelter plus Care. A staff member of BSH is a member of the State Mental Health Council and the State Council on Alcohol and Other Drug Abuse and meets with staff of the Office of Mental Health and Substance Abuse Services and the Communicable Disease staff on regular basis to coordinate the housing and service needs of the populations served by these programs. In addition, beginning in the fall of 2005 BHS staff began participating in the Mental Health Council’s Corrections sub-committee and in February staff was invited to participate in the Department of Corrections Prisoner Re-entry Initiative.

- Increase the coordination of mental health and homeless programs. Beginning in March 2005, staff of the PATH program was transferred from DHFS to the BSH through an Inter-agency agreement. As a result of the 2005-2007 budget initiative the PATH program was permanently transferred to Commerce so it is more closely coordinated with other state and federal homeless programs.
- Increase coordination of homeless programs on the state level. Members of the Governor's Council to End Homelessness met four times in 2005-2006 to continue the development of the 10-year plan to end chronic homelessness in Wisconsin.
- Provide training to mainstream service providers about issues unique to the homeless population. BSH provides training for providers and participating agencies at ESG/THP/HPP meetings and also provides on site technical assistance to agencies and communities to assist them in providing more coordinated and effective services.
 - ◆ a core emergency program to meet the immediate shelter needs of persons who are homeless
 - ◆ an increased emphasis on providing longer term housing options including transitional and permanent housing programs for families and for persons with special needs;
 - ◆ housing programs that provide rental and home buyer assistance for more permanent alternatives
 - ◆ accessing mainstream services and speeding up the SSI application process. A pilot project has been initiated in Waukesha to address the expedited access of SSI by homeless persons and by persons exiting the correctional system.
- Collaboration with WISCAP (Wisconsin Community Action Programs) agencies, other state agencies and nonprofit organizations to support a statewide Continuum of Care.

In addition, the State considers homelessness prevention to be a priority and continues to place added emphasis on this goal through its housing programs.

Emergency Shelter Grants

For the 2005-2006 program year, HUD allocated \$1,932,083 in Emergency Shelter Grant funding to the State of Wisconsin. Three entitlement jurisdictions in Wisconsin also received direct HUD grants (the Madison, Milwaukee, and Racine awards totaling \$932,705 are not included here). The State distributes its ESG funds through an RFP process to non-profit organizations, housing authorities and units of local government.

DHCD obligated \$1,881,301 of ESG funds to 79 non-profit providers and units of local government, representing 122 agencies, for the purpose of serving homeless people and households at risk of losing their housing. In addition, DHCD allocated \$171,638 in IBRETA funds and \$375,000 in Transitional Housing Program Grant funds with these ESG contracts. Grants ranged from \$5,000 to \$182,076. The local providers used the funds for homelessness prevention, rehabilitation, essential services and operating costs. During the year, ESG contractors reported expending \$1,937,896 in ESG funds.

Under Emergency Shelter Grant regulations, the DHCD funded prevention activities to the maximum extent permitted (up to 30% of the ESG funding). In addition, DHCD requested and was granted a 40% aggregate funding waiver by HUD to increase the funds available for essential services. The essential services include those concerned with case management, unemployment, physical health, mental health, substance abuse, education, food, etc.

State Shelter Subsidy Grants

The State Shelter Subsidy Grant covers up to 50% of the operating costs of local homeless shelter programs. DHCD distributes funds throughout the State by formula, based on past shelter use and anticipated need, to three “regions”: Milwaukee County, Dane County and the remainder of the State.

During the 2005-2006 program year, DHCD obligated \$1,131,000 in new SSSG funds to 37 organizations. DHCD combined \$53,500 of IBRETA funds with these SSSG contracts. Grants ranged from \$1,100 to \$362,607. Grantees reported expending \$1,176,097 in SSSG funding during the program year.

Transitional Housing Grants

The Transitional Housing Grants Program provides funds to develop or expand transitional housing programs and services to assist homeless individuals and families. The goal of the Transitional Housing Program is to fund a variety of mechanisms that will assist a homeless individual or family achieve real, lasting economic independence. Funds may be used for leasing, operating and supportive service costs.

The program is open to government or private non-profit agencies that currently operate transitional housing programs, if they will increase the number of persons served by their program or will provide additional supportive services to existing program participants. Funds are also available to government and private non-profit agencies that want to initiate service programs in their area.

DHCD awarded a new set of annual grants in mid-2005, in conjunction with the HUD ESG grants, using \$375,000 from the state allocation. Eighteen grantees throughout the State received awards, ranging from \$2,000 to \$41,256. Existing and new grantees expended \$385,924 in 2005-2006. The THP funds also act as match for the projects funds through the SHP COC and the HUD ESG programs.

Continuum of Care

In 2005, the Division of Housing and Community Development collaborated with WISCAP and the 24 Continua in the balance of the state funded in the 2004 Continuum of Care competition, to provide transitional housing and supportive services to homeless individuals and families in the non metropolitan areas of the state. The grant award for \$5,202,214, coordinated, submitted and administered by DHCD, will provide funding for 28 one-year renewals for existing transitional housing, supportive services only programs and HMIS.

C. OTHER ACTIONS UNDERTAKEN

During 2005-2006, the State of Wisconsin carried out a number of actions that were planned in the Consolidated Plan Annual Update. A description of these activities in particular areas follows.

ADDRESSING OBSTACLES TO MEETING UNDERSERVED NEEDS

As the State's housing agency, the Division of Housing and Community Development provides general information and guidance on housing issues and programs to the Administration and Legislature, as well as to a wide range of individuals and organizations across Wisconsin, including current grantees. The Division responds to hundreds of housing inquiries annually and distributes housing funds to address gaps in Wisconsin's affordable housing stock.

The Division of Housing and Community Development carried out the following training activities during 2005-2006:

Date	Program Area	Focus
April 2005	HOME	RRP Application Orientation (3 Sessions)
April	CDBG	Application Training (3 Sessions)
April	Supportive	COC Planning Meeting
May	Supportive	COC Planning Meeting
May	HOME	Implementation Training
May	LHOG	Implementation Training
June	Supportive	SHP/THP Quarterly Meeting
June	HOME	NDC Training
June	Rehab	Housing Quality Standards
July	Homeless	Conference
August	CDBG	Revolving Loan Fund
September	HODAP	Implementation Training
September	HOME	Implementation Training
October	CDBG/HOME	Integrated Workshop
October	Supportive	Trauma Training ESG/THP/SHP Quarterly Meeting
November	CDBG	New Grantee CEO Implementation Training
November	HOME	Single Family Implementation Training
December	CDBG	Financial Management / Housing Training
January 2006	Supportive	ESG/SHP/THP Quarterly Meeting Application Training
March	HOME/CDBG	Rehab Spec Writing
March	Supportive	COC Planning Meeting

DHCD also participated in the following training/conferences:

Date	Focus
April 2005	Affordable Comfort Conference
May, Aug., Nov., & Feb.	WISCAP Quarterly Meetings
May	Governor's Workforce Development Conference
May	UW Housing Conference
May	WAHA Spring Conference
July	A Home For Everyone 2005 Conference
July	National Alliance to End Homelessness Conference
September	WAHA Annual Meeting
September	Women & Poverty Conference
September	COSCD A Annual Conference
October	Independent Living Conference
November	COSCD A Annual CDBG Training Conference
November	HUD Entitlement Conference
December	WHEDA Multi-Family Conference
January 2006	COSCD A Annual HOME/Homeless Conference
February 2006	Low Income Energy Programs

DHCD, as a co-sponsor with the University of Wisconsin's Center for Real Estate, held its annual Housing Conference in May 2005, "***Wisconsin's Tax Incremental Finance System.***" In addition, the division co-sponsored the 2005 Affordable Housing Conference "***A Home for Everyone.***"

As mentioned in the section on homelessness and special needs, the Homeless Program's staff undertook a number of initiatives to strengthen the provision of homelessness services. These efforts included coordinating shelter and voucher programs within communities, developing continuum of care models, and encouraging resource development and agency coordination.

The division reviewed and provided Certifications of Consistency with the State's Consolidated Plan for 6 project applications and 45 Public Housing Agency 5-Year Plans being submitted to HUD in 2005-2006.

The Wisconsin Department of Administration Demographic Services Center, DHCD, and the UW-Madison's Applied Population Laboratory maintained an online data retrieval system that is being provided to the public free of charge. Known as WisStat, it can be used to access and display various housing, population and other demographic information. The WisStat website is <http://www.wisstat.wisc.edu/>.

FOSTERING AND MAINTAINING AFFORDABLE HOUSING THROUGH THE LOW-INCOME HOUSING TAX CREDIT

The Wisconsin Housing and Economic Development Authority (WHEDA) is a quasi-public agency that sells bonds on the national markets to fund loans to home buyers, rental housing owners and businesses at attractive rates and terms. WHEDA also oversees two major Federal affordable housing programs: the Low-Income Housing Tax Credit (LIHTC) program and project-based assistance in the Section 8 program.

The tables below list their activities from 2005 with the Tax Credit Program.

Affordable Housing Tax Credits	Credits Allocated (\$)	Affordable Units Created
General Program	\$10,332,337	1,235
Tax Exempt Projects	\$ 1,156,795	447

REMOVING BARRIERS TO AFFORDABLE HOUSING

The State's Affordable Housing Impact Act (Act 308) has been in effect since 1995. This law requires the Division of Housing and Community Development to review and report on introduced bills and proposed administrative rules that affect housing. The histories of the impact note reviews are indicated below.

Year	Number of Impact Notes
2006	8
2005	3
2004	6
2003	0
2002	1
2001	2
2000	1
1999	2

The division is also following the Smart Growth legislation and the Comprehensive Planning Grants to determine the impact it may have on affordable housing. The DOA Division of Intergovernmental Relations (DIR) administers a matching grants program to help with local government planning efforts. In 2006, 315 communities involved made 34 requests totaling \$5.75 million. A total of \$2 million was awarded to 9 multi-jurisdiction applicants encompassing a total of 77 communities.

As part of the grant application process and statutory requirements, applicants are asked to provide a description by which 14 local, comprehensive planning goals will be achieved. One of the goals under Wisconsin State Statutes Chapter 16, Subchapter VI states: "Providing an adequate supply of affordable housing for individuals of all income levels throughout each community." Since

the enactment of the Comprehensive Planning Grant law almost 6 years ago, over 900 communities are developing and implementing that contain a housing element. DIR is currently tracking and analyzing grant progress as well as other plans being developed throughout the state."

Another barrier mentioned to affordable housing is lead based paint. DHCD, DOA and DHFS have ongoing efforts to evaluate and address lead-based paint hazards. Housing staff is participating on a Department of Health and Family Services lead task force to end childhood lead poisoning.

DEVELOPING INSTITUTIONAL STRUCTURE

Over the history of the HOME program, the State has exceeded the required minimum of 15 percent of its funding for community housing development organizations (CHDOs). Over 29 percent of FFY'00, 32 percent of FFY'01, 23 percent of FFY'02, 23 percent of FFY'03, 24 percent of FFY'04, and 3 percent (as of 3/31/06) of FFY'05 HOME funds have been reserved for CHDOs. This allocation indicates DHCD's commitment to the long-term development of stable nonprofit housing developers throughout the entire State.

As noted in earlier sections of this narrative, DHCD emphasizes training of applicants and grantees to strengthen the ability of local governments and private organizations to administer HUD funding; CDBG Housing (with workshops on financial management, general administration and revolving loan fund management), HOME (housing quality standards, specification writing, housing counseling certifications (7 new certified counselors), specific subprogram orientations and roundtables) and ESG (meetings and Continuum of Care strategy sessions). The local continua process, originally established solely for the annual HUD Super-NOFA proposal has blossomed into a network of homeless agencies that cooperate on a broad range of funding and service activity.

The Division worked with the Governor's Office to create the Governor's Inter-Agency Council on Homelessness to develop a 10-year plan to end chronic homelessness. His charge to the Council was to ensure coordinated efforts by state, local, county, and federal governments and social service providers and to focus on solutions to homelessness together. The Council is made up of representatives from the following organizations and agencies: Hebron House of Hospitality, Inc., Health Care for the Homeless of Milwaukee, Red Road House, North Central Community Action Program, Wisconsin Housing and Economic Development Authority, Department of Corrections, Department of Workforce Development, Department of Veteran's Affairs, Department of Health and Family Services, Department of Public Instruction and the Department of Commerce.

The previous year's consolidated planning process revealed that local officials and nonprofit representatives, especially in rural areas, desired more information from state and federal agencies about respective housing/community development programs and how they worked together. In response the Division spearheaded an effort in conjunction with representatives from WHEDA, USDA and Commerce's housing, community development and business development bureaus to facilitate community development information sessions held in areas of the state that were rural target areas. The Shawano sessions (afternoon and evening events) were held on March 23rd. The number of participants at the 2 Shawano sessions was 34. Four additional sessions were planned for Richland Center and Cable in April. There was a good cross section of local government and

nonprofit agency participants and interests were pretty evenly split between business, infrastructure and housing.

Overall, the response was very positive. The attendees were generally pleased with the presentations and felt if their questions were not fully answered at the sessions they found out who to contact at each of the different agencies. The respondents were most interested in learning how program funding can address current challenges facing their communities

ENHANCING COORDINATION

To enhance interagency coordination, various staff members of the Division of Housing and Community Development worked with the following State agencies and councils in the past year:

- ◆ State Mental Health Council
 - Policy body responsible for planning and approving the use of State Mental Health Block Grant funds
- ◆ State Council on Alcohol and other Drug Abuse
 - Policy body responsible for planning and approving the use of State Substance Abuse Block Grant funds
- ◆ Department of Natural Resources
 - water and waste water treatment funding services
- ◆ Department of Health and Family Services
 - shared responsibility for grant reviews
 - Lead-based Paint Elimination Taskforce
 - Food Security Taskforce
 - Foster care initiatives
 - Program Enhancement Plan (PEP) Committee for the reorganization of the State Child Welfare System
 - Development of housing trust fund for persons with a disability, known as WISH
- ◆ Department of Corrections
 - Prisoner Re-integration Committee
 - funding for Wisconsin Fresh Start Program
 - serve on Mental Health Council/Corrections Discharge planning committee
- ◆ Department of Public Instruction
 - judged Skills USA competition for students
 - review of federal homeless assistance grants
- ◆ USDA Rural Development
 - rural event coordination
- ◆ Department of Veterans Affairs
 - partnerships in the Continuum of Care planning process
- ◆ Wisconsin Housing and Economic Development Authority (WHEDA)
 - coordination of Tax Credit loans and HOME Rental Housing Development funding
 - each agency shared staff for application reviews
 - Wisconsin Fresh Start Program coordinated efforts
 - housing markets review meetings

- ◆ State Historical Society
 - worked jointly to meet section 106 review responsibilities
- ◆ Department of Military Affairs
 - coordinated with their Division of Emergency Management and FEMA in response to natural disaster relief and mitigation efforts
- ◆ Department of Workforce Development
 - Wisconsin Fresh Start Program and W2 coordinated efforts
 - Metropolitan Fair Housing coordination
 - WIFrontDoor coordination with Job Centers
- ◆ Department of Administration's Division of Energy
 - coordinated efforts on energy efficiency and Wisconsin Fresh Start Program
 - supported Energy Star initiative
 - Low Income Energy Advisory Committee
- ◆ University of Wisconsin Extension
 - coordinated efforts the development of tenant education materials

DHCD staff members participated in the following coalitions of public and private-sector housing industry organizations:

- ◆ Dane and Milwaukee County Homeless Task Force
- ◆ United Way of Dane County Housing Action Leadership Team Co-Chair
- ◆ Wisconsin Community Action Programs Association
- ◆ Wisconsin Collaborative for Affordable Housing
- ◆ Wisconsin Fair Housing Network
- ◆ Weatherization Operators of Wisconsin
- ◆ Homeownership Counseling Education Consortium
- ◆ Wisconsin Association of Housing Authorities
- ◆ Wisconsin Council on Mental Health
- ◆ Wisconsin Council on Alcohol and Other Drug Abuse
- ◆ Council of State Community Development Agencies Board member
- ◆ National Coalition to End Homelessness
- ◆ Alliance to End Homelessness
- ◆ National Rural Housing Coalition
- ◆ National Human Services Data Consortium
- ◆ Wisconsin Child/and Lead Poisoning Elimination Committee
- ◆ Governor's Inter-Agency Council to End Homelessness
- ◆ Wisconsin Indian Housing Summit
- ◆ Statewide Independent Living Council
- ◆ WI Initiatives For Sustainable Housing
- ◆ Green County Housing Consortium
- ◆ Jefferson County Housing Consortium

LEAD-BASED PAINT HAZARD REDUCTION

As mentioned in the section on Federal Resources, the State of Wisconsin has received five awards from HUD's Office of Lead Hazard Control for the purposes of blood and environmental testing and lead paint hazard reduction. Under the FY'93 grant, fourteen municipal governments participated: Chippewa County, Eau Claire, Madison, Manitowoc, Milwaukee, Oshkosh, Racine, Richland County, Rock County, Sheboygan, Superior, Wausau, West Allis, Wisconsin Rapids. Under the FY'96 grant, eight organizations—which also operate as Weatherization contractors—and DHFS provide services throughout the State, except for the City of Milwaukee which received its own grant. Under the Round 7/10 grant which concluded in December 2004, the number of local grantees overseeing Lead Hazard Reduction (LHR) projects has expanded to 15. It is expected this level of commitment and activity will continue under the current Round 12 grant. All Weatherization grantees (outside the City of Milwaukee and the City of Sheboygan) provide outreach and intake services for the LHR Program.

The round four LHR grant was closed in July 2001. Eighty-two dwelling units were made lead safe through this grant. During the 2004–2005 program year, the round seven LHR program completed hazard reduction activities on 60 dwelling units. For the round 7/10 grant inception to date a total of 480 units have been completed and made lead safe.

In addition, on September 15, 2001, HUD's new lead based paint regulations went into effect. These regulations, in response to Sections 1012 and 1013 of Title X of the Housing and Community Development Act of 1992, shifted the focus of addressing lead-based paint hazards from households with children under six years of age, to virtually all housing constructed prior to 1978. In response to the new regulations, the Division of Housing and Community Development:

- Continued to work with the Department of Health and Family Services lead based paint staff.
- Trained 92 contractors/workers this past year with CDBG-TA funds and five contractors with HOME TA funds for the Lead Safe Worker and Lead Abatement Supervisor Training. HOME dollars also paid for partial costs for Weatherization Lead Supervisor Training.

FAITH-BASED ORGANIZATIONS

DHCD has partnered with Faith-based organizations for many years. This past year was no exception. The total value of faith-based initiatives using state and federal fund is \$ 2,029,984.

Program	Number	Amount
SSSG	25 grantees	\$ 596,150
ESG	27 grantees	\$ 624,056
HODAP	1 grantee	\$ 151,794
HOME	32 projects	\$ 657,984
	Total	\$ 2,029,984

D. EVALUATION OF PROGRESS IN CREATING AFFORDABLE HOUSING OPPORTUNITIES

The Division of Housing and Community Development sought to create additional affordable housing opportunities for both renters and homebuyers. A number of Federal and State programs addressed this need.

Affordable Rental Housing

Five DHCD programs supported the development of affordable rental housing: HOME Rental Housing Development, HOME Rental Rehabilitation, CDBG housing rehabilitation, HODAP rental assistance and Tenant Based Rental Assistance. In addition, Wisconsin communities and organizations used program income and revolving loan fund proceeds to produce and improve affordable rental units.

HOME WHEDA Rental Housing Development and HOME Rental Housing Development (CRHD): The HOME Rental Housing Program awarded \$5,250,000. WHEDA was awarded \$2,298,496 to piggyback their Low Income Housing Tax Credit and Bonding Programs. DHCD allocated \$4,140,566 of its Federal FY'05 HOME authorization for affordable rental housing development to Community Housing Development Organizations (CHDOs). RHD-assisted units must be rented to households whose incomes are at or below 60% of the county median, and rent levels are limited for a specified number of years.

HOME Rental Rehabilitation (RRP): DHCD allocated \$907,500 of its HOME project funds for the rehabilitation of existing rental properties. The Division directed \$302,500 to CHDOs and reserved \$605,000 for non-CHDO RRP projects. Property owners must rent at least 20% of the assisted units are for households at or below 50% county median. The remaining HOME assisted units should be occupied by households at or below 60% county median and rents must be at or below HUD's Fair Market Rents.

CDBG Small Cities Housing: Local units of government that receive CDBG awards may use them for the rehabilitation of substandard rental units. Once the work is completed, property owners are required to rent the units to households whose incomes are less than 80% of median; rents are set locally to be no higher than the prevailing market rents. In the 2005-2006 program year, CDBG supported the rehabilitation of 31 rental units.

CDBG Revolving Loan Fund: Communities with CDBG Revolving Loan Funds reported assisting in the rehabilitation of 17 rental units; rent and income requirements are the same as for current CDBG funds.

HODAP: The State-financed Housing Organization Direct Assistance Program (HODAP) supports organizations that provide rental assistance to low- and middle income households. In 2005-2006, HODAP provided rental assistance to 135 households.

Tenant Based Rental Assistance (Demonstration Program): Six agencies are currently providing assistance to eligible households with monthly rental assistance for terms not to exceed 18

months. Families will have incomes equal to or less than 60% of county median income (CMI). The program is being administered in LaCrosse, Rock, Marinette, Oconto, Lincoln, Wood, Marathon, Chippewa, Outagamie and Winnebago Counties.

NEWCAP proposes serving 45 households at or below 60% CMI during the contract period. TBRA will be used to help individual households with payments, up to \$500 a month, to make up the difference between the amount a household can afford to pay for housing and the local rent standards. The rental subsidy will cover such costs as: rent, utility costs, security deposits and utility deposits. Priority for the program will be victims of domestic violence and those households that are homeless or at risk of homelessness. There is a required case management component and participants will also participate in other NEWCAP programs for which they are eligible. Length of stay in the program may be up to 12 months but with extenuating circumstances may be extended to 18 months

North Central Community Action has also submitted a proposal for TBRA funds to serve 60 households at or below 50% of CMI in their three county service area, Lincoln, Wood and Marathon counties. Each household will be required to contribute 30% of their adjusted income toward the cost of their housing and participate in the case management component of the program. The target populations they propose to serve will be single parent headed households and persons with a disability. Their primary goal is the prevention of homelessness and they are targeting those households most at risk. Participants will be eligible for up to 24 months of assistance and case management services as needed may be provided following the participants departure from the TBRA program.

Starting Points will target families who are at risk at losing their housing. The rental assistance will be based on the family's income using HUD Section 8 guidelines of 30% of income being paid for housing costs. Supportive services will include in-home case management every other week, and educational workshops in a group setting. The families will use the individual time to develop long and short-term goals that will help them stabilize their housing situation and strengthen their skills for becoming stable community members. They will evaluate their progress throughout the 18 months. Group sessions will be used to enhance their daily living skills and will cover a wide variety of information about employment, budgeting, credit, parenting, car maintenance, nutrition, community resources, health and safety in the home, renting, etc. Participants will be expected to participate in at least 2-group meetings per month. They may choose the workshops.

Housing Partnership will target two specific populations for assistance including: (1) households with children in which the parents are a teenagers and enrolled in high school or continuing education where the availability of a subsidy will increase their ability to complete their training, and (2) the other low-income families with income less than 50 percent of the county median income who interview for housing or housing counseling.

In early 2006, the DHCD expanded the program to two additional sites serving persons who are homeless and mentally ill. Couleecap is working with the LaCrosse County Human Services Department to provide rental assistance to formerly homeless individuals affected by mental illness. The county has agreed to match the HOME funding by providing the mental health services necessary to assist program participants in sustaining their housing. A similar program in rural Rock County will provide rental assistance to homeless persons with mental health issues with mental health services to be provided by the Rock County Community Support Program.

Individuals and families are frequently not able to seek housing from landlords in the community due to poor credit, poor landlord references or low income. Yet these households require housing in order to live and work in our community.

Rental assistance makes it possible for households to obtain education, employment or other supportive services that will assist them in maintaining permanent housing. Rental units must meet housing quality standards and rents must be below the amount established by the state for our area. Households will pay 30% of their annual adjusted gross income for housing costs.

The following table summarizes the completed rental units for the programs previously listed.

Affordable Rental Housing	2005-2006 Completed Units
HOME RHD	107
HOME RRP	92
CDBG Housing	31
CDBG Revolving Loan Fund	17
TOTALS	247

Affordable Homeownership

The DHCD programs that served as the primary vehicles for generating affordable home ownership were the HOME Single Family (formerly HOME HomeBuyer/ADDI), CDBG, HCRI and LHOG.

HOME Single Family (HSF): DHCD included home-purchase assistance as one of the eligible activities in its HSF program. Eligible homebuyers must earn no more than 80% of their county's median income. The home's purchase price or appraised value (if the house is substandard, the value after rehabilitation) must be at or below HUD's limits for the area; generally, this maximum price/value is set at 95% of median for the county. Both existing and newly constructed homes are eligible, and long-term affordability restrictions apply. During the year, HSF recipients completed 421 HSF-assisted purchases.

HCRI: A significant portion of the state-financed HCRI program supports affordable home ownership. Income and purchase price/value limits are the same as under the HOME HBR subprogram. In 2005-2006, HCRI recipients assisted 56 new purchasers of homes.

CDBG Small Cities Housing: Local units of government that receive CDBG awards may use them for down payment and closing cost assistance, rehabilitation of newly purchased owner-occupied units, and certain costs in the development of new affordable home ownership developments. In 2005-2006, CDBG supported 37 first time homebuyer opportunities.

HODAP: The HODAP program supports organizations that are helping low and medium-income households purchase homes. Grantees can help eligible homebuyers to purchase affordable homes by providing downpayment and closing cost assistance. Homeowners in danger of losing their homes may receive assistance with payment of principal and interest on a mortgage loan that is

in arrearage, property taxes, and utility hookups and arrearages. The homeowner must show the ability to make future payments. HODAP grants also support programs that provide housing counseling to potential new homeowners. In 2005-2006, HODAP provided home purchase and home owner assistance for 183 households

Wisconsin Fresh Start Program: The Wisconsin Fresh Start Program in 2005-2006 provided contracts to eleven agencies for fourteen sites. Each agency completed at least one new construction unit for a low income household.

The following table summarizes completed home ownership units for the programs previously listed.

Affordable Ownership	2005 - 2006 Completed Units
HOME HBR	421
HCRI	56
CDBG Housing	37
HODAP	183
WI Fresh Start	11
TOTALS	708

E. CDBG: USE OF FUNDS AND RELATIONSHIP TO CONSOLIDATED PLAN PRIORITIES

Housing

During the 2005-2006 program year, DHCD committed \$8,186,134 CDBG grants to 24 units of local government. This revenue originated largely from HUD's Federal Fiscal Year 05 CDBG allocation to the State of Wisconsin, with the balance being carry-over and recaptured revenue from previous fiscal years and program income that communities returned to the State.

The State's Consolidated Plan prioritized serving very low-income Wisconsin households (those earning less than 50% of their county's median income). The CDBG Small Cities Housing Program contributed to this priority. Over 45 percent of the households that CDBG Housing grantees reported assisting had incomes below 50% CMI. The breakdown of households by income category and activity is listed in the table below:

Assistance provided by Income Group	Owner-Occupied Rehabilitation	Renter-Occupied Rehabilitation	Handicapped Accessibility Improvements	Home Purchase Assistance	Total	Percent
Extremely Low Income (0-30% of MFI)	56	7	7	3	73	15.4%
Very Low Income (31-50% of MFI)	122	13	0	11	146	30.9%
Low Income (51-80% of MFI)	204	11	0	23	238	50.3%
Moderate Income	16	0	0	0	16	3.4%

(81-95% of MFI)						
TOTAL	398	31	7	37	473	100%

F. CHANGES IN PROGRAM OBJECTIVES

It was stated in the 2003-2004 Annual Update, the Division applied to HUD for a waiver of 24 CFR 576.21, concerning the requirement that not more than 30 percent of ESG funding be used for essential services (e.g., case management, unemployment, physical health, mental health, substance abuse, education, food, etc.). HUD granted this waiver in June 2003, allowing the State to use up to 40 percent for these purposes.

G. HOME PROGRAM

Assessment of On-Site Inspections of Rental Projects

The Division of Housing and Community Development monitors HOME Rental Housing Development (RHD) and HOME Rental Rehabilitation (RRP) contracts according to HOME regulations. DHCD contractually requires that grantees conduct inspections directly on completed HOME projects. On completed projects, DHCD requires grantees to submit data on rents and tenant income for review. During periodic monitoring visits, if DHCD identifies any concerns, deficiencies, or findings, the recipient is instructed to take steps to resolve them and respond to DHCD by letter within 45 to 60 days. If the Division identifies a Housing Quality Standards (HQS) deficiency, DHCD issues a re-work letter as soon as possible. DHCD has a cooperative agreement for compliance with WHEDA on jointly sponsored projects.

During 2005-2006, the Division of Housing and Community Development had few problems in the rental programs but did provide technical advice to property managers overseeing HOME projects.

Assessment of Affirmative Marketing Actions

The State has established affirmative marketing policies and procedures that HOME recipients must adopt. These policies and procedures are based upon the Code of Federal Regulations (CFR), specifically 24 CFR 92.351. HOME recipients must make an effort to inform potential applicants from all racial, ethnic and gender groups in the housing market about available vacant units and, in particular, persons in the housing market area who are not likely to apply for HOME-assisted housing.

During the program year, the Division of Housing and Community Development did not receive any complaints concerning its recipients' affirmative marketing practices. On-site monitoring of HOME-assisted projects showed no issues of noncompliance.

Outreach to Minority-owned and Women-owned Businesses: During the program year, Bureau of Housing's grant recipients reported 17 contracts to Minority Business Enterprises (MBEs) and 5 contracts Women Business Enterprises (WBEs). The total dollar value of these contracts, were:

	Contracts
MBEs	\$325,552

WBEs	\$148,490
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H. LEVERAGE AND MATCH

HOUSING

Leverage

Non-Federal resources that DHCD programs leveraged are summarized in the following table. (Programs not listed here did not have a leveraging requirement or do not require leverage to be reported.)

Examples of leverage are:

- ◆ the value of home purchase loans, when a DHCD program contributes toward the down payment and/or closing costs
- ◆ local support (funding, labor, and/or material) for housing rehabilitation or a neighborhood improvement project
- ◆ operating costs raised from private sources

Program	Leveraged Funds
HOME	\$47,378,380
CDBG Small Cities Housing	\$4,771,174
Subtotal--Federal Programs	\$52,149,554
WI Fresh Start	\$276,959
Subtotal--State Programs	\$22,563,552
TOTAL LEVERAGE	\$74,713,106

Match

Matching contributions for DHCD funds are summarized in the table below. Matching funds are part of the requirements of the particular program.

Program	Matching Funds
HOME	\$7,929,999
Emergency Shelter Grants (ESG)	1,925,264
Housing Organization Direct Assistance Program (HODAP)	61,183
TOTAL MATCH	\$9,916,746

The HOME program requires at least 25% match of disbursed project funds during a program year. The reported match exceeded the required amount of \$3,558,688.

ESG regulations require the State to garner one-to-one matching support minus \$100,000. For 2005-2006, the minimum ESG match needed to be \$1,801,097 and an over match for that amount was provided by grant recipients.

I. GRANTEE'S EFFORTS ON CERTAIN CONSOLIDATED PLAN REQUIREMENTS

Pursuit of Resources

Commerce received a Supportive Housing grant award of \$5,202,214 that will fund 28 renewal grants including the DCHD HMIS project. The funds originate from a national HUD competition and the grant proposal covered 69 counties and 13 entitlement communities.

Certifications of Consistency

The Division of Housing and Community Development handles all requests for certifications of consistency from organizations applying for new HUD construction and rehabilitation assistance and other competitive programs in areas outside of Wisconsin's entitlement communities. In addition, DHCD also reviews public housing authorities Five-Year and One-Year Plans as required by the Quality Housing and Work Responsibility Act.

During 2005-2006, DHCD responded affirmatively to the 6 requests it received for certifications of consistency for competitive programs with the State's Consolidated Plan. DHCD also certified 45 public housing agency plans for consistency with the state plan.

Hindrance of Implementation

The Department of Commerce did not hinder implementation of the Consolidated Plan. Notices of the availability of the Annual Update and Consolidated Annual Performance and Evaluation Report were timely and in accordance with the State's Citizen Participation Plan.

HUD's formula funding was made available in a timely fashion to the State's entire service area and in accordance with the methods of distribution that Commerce laid out in the Annual Update and the subsequent amendment.

J. SUMMARY OF PUBLIC COMMENTS

The Department of Commerce published a "Notice of Availability for Public Comment" for this Consolidated Annual Performance and Evaluation Report on June 12, 2006 in the Wisconsin State Journal, the State's newspaper of record. Commerce accepted comments through June 27th, 2006 as outlined in the State's Citizen Participation Plan. No copies of this report were requested. Therefore, there are no comments to report.

PART 3.

HOUSING SELF-ASSESSMENT OF **ANNUAL PERFORMANCE**

BUREAU OF HOUSING - DIVISION OF HOUSING AND COMMUNITY DEVELOPMENT

Housing Objectives and Activities

The State's general housing objectives for 2005-2006 are below. Each of the objectives are followed by the number of households that the Division estimated it would aid in the program year, and the actual assistance provided.

Promote the affordability of housing to all consumers, especially those with severe cost burdens to increase, maintain and preserve affordable housing.

Program	Renters		Homebuyers		TOTAL	
	Proposed	Actual	Proposed	Actual	Proposed	Actual
CDBG	0	0	30	37	30	91
HOME	160	368	275	453	435	821
HCRI	1,500	1,165	400	157	1,900	1,322
LHOG/ HODAP	1,200	948	400	864	1,600	1,812
TOTAL	2,860	2,481	1,105	1,511	3,965	4,046

Encourage the production of new units, including the development of large family units and elderly housing with accompanying support services.

Program	Rental Units		Owner Units		TOTAL	
	Proposed	Actual	Proposed	Actual	Proposed	Actual
CDBG	0	0	10	0	10	0
HOME	110	107	30	42	140	149
TOTAL	110	107	40	42	150	149

Preserve and increase the availability of safe, sanitary housing for low- and moderate-income owners and renters to include lead based paint hazard reduction and enhanced training and resources for these activities.

Program	Rental Units		Owner Units		TOTAL	
	Proposed	Actual	Proposed	Actual	Proposed	Actual
CDBG	18	31	510	539	528	570*
HOME	38	14	250	220	288	234
Lead Paint	5	15	10	21	15	36
Total	61	60	811	780	872	840

**141 Owner Unit and 4 Rental Unit projects addressed lead-based paint issues.*

Provide housing assistance for special needs groups to include homeless prevention activities, expansion of transitional housing programs and increased emergency shelter operating funds.

Program	Homeless		Special Needs		TOTAL	
	Proposed	Actual	Proposed	Actual	Proposed	Actual
CDBG	0	0	50	44	50	44
HOME	0	0	62	144	62	144
ESG & SSSG	24,500	12,368	0	0	24,500	12,368
HOPWA	0	0	504	229	504	229
HCRI	0	0	300	380	300	380
HODAP	770	1,271	200	354	920	1,625
TOTAL	25,270	13,639	1,116	1,151	26,336	14,790

The homeless programs combined provided over 804,000 shelter nights. Of the services provided, 71% were adults and 29% were children. Slightly more males (53%) than females (47%) received services.

In addition, HODAP provided homebuyer, owner, fair housing and rental counseling to 944 households.

PART 4

**NON-HOUSING COMMUNITY DEVELOPMENT BLOCK
GRANT
ACTIVITIES & RESULTS**

**ADMINISTERED BY
THE WISCONSIN DEPARTMENT OF COMMERCE**

APRIL 1, 2005 - MARCH 31, 2006

Overall Summary

CDBG expenditures for Non-Housing activities continued to be steady during the reporting period. Commerce continues to emphasize the funding of projects "ready to go". The continual application cycle for the Public Facilities program continues to be effective in providing timely responses to local government needs. Demand for Public Facilities funds continues to be intense which has resulted in increased emphasis on applicant efforts to raise funds locally for the proposed activity, including funding from the private sector.

In determining an appropriate participation level in a project using CDBG funds, greater emphasis continues to be placed on household utility rates and whether the community has raised utility rates to fund improvements and whether households, particularly low and moderate income households, could afford to pay increased rates. The Department has engaged in discussions with other state and federal agencies that also provide funding for infrastructure improvements in an effort to apply similar standards regarding household affordability for municipal water and sewer services. Utility infrastructure Enterprise Statements are examined to see if applicants are making an effort in regard to capital improvements budgeting. Commerce prefers to "reward" those communities that have made a sincere effort to maintain and finance infrastructure improvements.

Given the increase emphasis on the above cited considerations, policies and practices regarding the funding of water and sewer projects were evaluated and set the stage and the stage is set for modifying the Public Facilities program to incorporate new standards and expectations for proposed activities. Program modifications are expected to be fully implemented during the course of the 2007 Program Year.

Program Obligations for Period

	Obligations/ Commitments
Public Facilities	\$8,218,825
Economic Development	\$11,218,500
Public Facilities For Economic Development	2,807,000
Blight Elimination and Brownfield Redevelopment	600,000
Planning	130,000
Total Obligations and Commitments	\$11,363,190
Program Income from Prior Year Grants	\$2,289,247

Program income received during the reporting period continues to be generated primarily from repaid Economic Development loans and recaptured funds from projects that did not utilize all the funds (lower costs than expected), or from projects that failed to materialize. apparent that some unforeseeable development would cause a long delay in project commencement. In the past, the emphasis placed on financially closing out complete projects also generated a substantial reallocation of previously obligated funds no longer needed by the Grantees due to scaled back projects or receiving construction bids far less than estimated costs.

The amount of program income has declined somewhat compared to recent years. The income from repaid Economic Development loans comes from revolving loan funds established at the local government level. The unit of government receives the grant, loans it to the business as underwritten by Commerce loan officers, and then uses the repaid principal and interest to capitalize its loan fund. There is a limit of the amount of repaid loan funds that can be retained by a grantee. It varies on community size. Once the limit is reached, the repayments are then forwarded to the Department for use in the Public Facilities for Economic Development program.

Over 220 communities in the state have CDBG capitalized revolving loan funds, and more than half of the counties in the state have them. The county revolving loan funds are more effective in turning the money over into additional loans because of the large area (more businesses) the county serves. Administrative savings are realized at the county level by reducing the number of separate programs within an area. A county revolving loan fund program also generates more revenues, which helps to afford professional and experienced staff.

Commerce continued its revolving loan fund technical assistance program to ensure that local loan fund administrators have access to administrative assistance as it relates to complying with state and federal CDBG rules that govern the reuse of the CDBG funds. The technical assistance is primarily provided through extensive on-site assistance, phone, and the dissemination of semi-annual newsletters.

DESCRIPTION SUMMARIES FOR THE NON-HOUSING CDBG PROGRAMS

The 2005-2006 Program Year for the Department had an increase in the number of Public Facility and Public Facilities for Economic Development grants as well as an increase in the dollars awarded. The increase actually represented a return to funding activity consistent with historical program activity. The comparison of the reporting period with that of the previous year is misleading because the previous year was a one-time deviation from past activity levels. The demand for funds remained intense and constant throughout the year. Following is a description of Commerce's non-housing CDBG programs, the types of projects assisted, and significant program developments within each category.

Public Facilities (PF) Program

The PF program funds primarily municipal infrastructure projects including streets, water and sewer projects, community facilities such as senior centers, community centers, fire stations, as well as other facilities primarily serving low and moderate income persons, or limited clientele including persons with physical and developmental disabilities and the elderly. There was an increase in the number of infrastructure projects that have taken place in conjunction with downtown redevelopment projects that often times included major street reconstruction undertaken by the State's Transportation Department. When done in conjunction with street reconstruction, a community typically realizes savings because the Transportation Department covers the cost of the resurfacing or replacement of the street. The Department's highly visible Main Street and Downtown Development Program has benefited from the targeting of PF funds to downtown redevelopment projects.

As in previous years, the Department continued to fund CDBG proposals that combined a number of services and activities in one facility. For example, senior resource centers that, in addition to providing social opportunities, include such services as meal programs, health screening, social security information, county health and social service programs, libraries, and other functions that not only make the user's life much easier, but provide for a clustering of activities that create a sense of community. In a few situations, multipurpose facilities were assisted consisting not only of senior and community centers, but libraries and fire stations. Often times these multi-use facilities are adjacent to or a part of other municipal government operations.

Partnerships continued to be emphasized in assisted projects. A notable example of a partnership assisted during the past year is the provision of water and sewer services by a community to an unserved community. A grant was provided for the installation of water and sewer mains as well as the upgrading of the treatment plant in the community providing the services

Economic Development (ED) Program

In response to the changing face of Wisconsin's economy, Commerce's programs have also evolved in order to remain competitive. Historically, the focus of the ED program has been low and moderate-income benefit and as written in the Consolidated Plan 2005-2009, this focus was expanded to be able to more fully respond to the needs of Wisconsin businesses. Commerce expanded program eligibility to include all of the national objectives: low and moderate-income benefit, urgent local need, and the prevention or elimination of slum or blight. ED funds were used for projects that involved capital investment in new technologies, job training, and entrepreneurial development through the new Wisconsin Entrepreneurs' Network (WEN) which is a partnership between Commerce, the University of Wisconsin Extension and other public and private entities.

Job creation continues to be the main focus and loans to businesses continues to be the primary activity for the ED program. The Department makes a grant to the local government applicant, and it in turn makes a loan to the business. To receive a CDBG loan, businesses must commit to job creation or retention (there must be a valid retention argument), and to private investment. Funds are used primarily for equipment financing and working capital. The ED funding is typically only a fraction of the total project financing. Targeted beneficiaries are low to moderate-income persons who are provided with job opportunities.

The Department pays particular attention to the quality of jobs created, giving preference to proposals that offer employment along with fringe benefits, including health insurance. In evaluating job quality, the Department does consider regional differences in the state. Underwriting practices for the ED program include minimizing the level of participation for ED funds and maximizing the use of other private and public resources to spread risks associated with the project. Oftentimes an assisted development project will be utilizing other Department resources, including the PFED program (described below).

From April 1, 2005 to March 31, 2006, the Department made 14 MVP loans for a total of \$2,163,250. These funds leveraged other investment of \$10,219,790 and have committed to create 55 new jobs of which 28 are to benefit LMI.

From April 1, 2005 to March 31, 2006, the Department made 19 ED loans for a total of \$11,218,500. These funds leveraged \$51,000,000 and have committed to retain and/or create 1,333 of which 680 are to benefit LMI.

Public Facilities for Economic Development (PFED)

The PFED program helps finance infrastructure that supports business development. Businesses receiving the benefit of the infrastructure improvements or installation commit to providing job opportunities for low and moderate income persons, as well as substantial private investment to retain as well as create additional tax base. The level of PFED participation in a project is based on the number and quality of jobs being retained or created. Also considered is the benefits that accompany a job, particularly whether or not health insurance is provided at a reasonable cost to the employee. During the 2005-2006 program year, the PFED program has experienced an increase in application activity consistent with the state's expanding economy.

Blight Elimination and Brownfield Redevelopment (BEBR)

BEBR funds help a community to assess the extent of contamination of a property and where economically feasible, will assist in underwriting the costs of site remediation to allow for redevelopment. BEBR funds may also be used for the redevelopment of blighted or dilapidated properties that oftentimes cause disinvestment in an area. This program primarily addresses the national objective of slum and blight removal. There continued to be minimal activity in this program during the reporting period, in part because the Public Facilities program funded some Slum and Blight projects that could also have received BEBR funds and also because most of the Brownfield redevelopment projects received by the Department are in entitlement communities and these projects are funded using the state funded Brownfield program. .

Emergency Grant Program (EMER)

The Emergency Grant program assists with emergency situations encountered by local governments as a result of a natural disaster or a catastrophic event. Funds are typically used for the repair or replacement of infrastructure, cleanup of storm debris, and for expenses incurred in providing emergency services. EMER funds generally meet the CDBG national objective of meeting urgent local needs. Oftentimes EMER funds are used in conjunction with funds from the Federal Emergency Management Agency. As desired, very few project grants are made under the Emergency Grant Program. Also, the conversion of the Public Facilities program to a continual application process has somewhat negated the need for an Emergency Grant Program. Fortunately, the only project needing funding was a tornado related major clean-up and streetscape repairs in the Village of Viola.

Planning Grants

The Planning Grant category is in its fourth year of operation and has funded regional and comprehensive initiatives targeted to addressing economic development in areas having high unemployment, minimal business development, and lacking a sufficient supply of affordable housing. The grants are typically limited to \$25,000 unless regional in scope and must be matched 25 percent with applicant funds. The match requirement helps ensure the commitment of the applicant to the planning initiative.

Program Results

During the reporting period, there were 75 Non-Housing CDBG awards. While this is consistent with the 76 awards reported in the previous program year, the total dollars awarded is considerably more than the previous period.

NON-HOUSING COMMUNITY DEVELOPMENT CDBG PROGRAM ACTIVITY 2005-2006				
PROGRAM	NUMBER OF AWARDS		DOLLAR AMOUNT AWARDED	
	Projected	Actual	Projected	Actual
Public Facilities	15-18	22	\$7 million	\$8,218,825*
Water & Sewer		8		
*Other Public Facilities		14		
Public Facilities For Economic Development	12-15	10	3.6 million	\$2,807,000
Economic Development	20	33	11 million	\$13381,750
Blight Elimination & Brownfield Redevelop	0	4	.	\$1,016,000
Planning	15-18	5	350,000	\$130,000
Emergency Grant Program	0	1	0	600,000
TOTALS		75	\$21 million	\$26,153,575

**Includes \$2,000,000 committed in 3-4 year comprehensive grant that is part of a pilot program to explore comprehensive funding.,*

Total dollars spent on Public Facilities increased due to increased application activity and making a multi-year commitment for a project that is part of a pilot program to test the administration of comprehensive development grants. The size of the awards continued for the most part to be in the \$250,000 and \$300,000 range. The comprehensive grant amount was not factored in calculating the range. For the Public Facilities for Economic Development Program, there was a constant flow of activity that included a large tourism oriented project. Many of the grants were smaller than in the past, due in part to minimizing participation in projects offering low paying jobs and/or minimal benefits, particularly health insurance.

For the Economic Development program, dollars awarded were more than projected due to the increase in the strength of the economy and more businesses are now in an expansion mode. In previous years, the slowdown of the economy resulted in unused funds.. The Department continues

an aggressive approach to leveraging other dollars and maximizing private capital in assisted projects. Underwriting practices for the programs continued an aggressive approach to leveraging other dollars and maximizing private capital in assisted projects.

The Blight Elimination and Brownfield Redevelopment Program (BEBR) experienced low, but more than anticipated, activity during the reporting period. Two of the projects funded originated in the DHCD Housing programs as part of a development to increase the supply of affordable housing. The BEBR program and the State's brownfields program are administered as one program to avoid confusing applicants.

Projections for the Emergency Grant (EMER) program were not made due to the nature of the program. Only one project was funded during the past year, although there were several requests by ineligible units of government.

The number of Planning Grants decreased significantly. This may be attributed to increased emphasis on regional approaches to planning and the expectation that proposed plans must have a strong likelihood of being implemented. The dollar amounts of the awards was also less than it has been in the past.

Beneficiary Results

Overall, Commerce met its goals in terms of delivering program benefits to low and moderate-income persons. The following table shows what was projected for the reporting period and actual results. When the figures are adjusted for the amount of actual awards, the results show that the goals were exceeded.

SUMMARY OF GOALS AND ACCOMPLISHMENTS FOR THE APRIL 1, 2005- MARCH 31, 2006 PROGRAM YEAR

Activity	Beneficiaries			
	Total		LMI	
	Proposed	Actual	Proposed	Actual
Public Facilities-Water, Sewer, and Drainage	18,000	59,859	9,500	29,918
Economic Development	1,000	1,388	510	708
Public Facilities for Economic Development	400	710	250	368
Total ED/PFED	1,500	1,209	761	662
Planning	*	*	*	5 LMI Objective*
Blight Elimination and Brownfield Redevelop	**	**	**	*4 Slum & Blight*
TOTAL	20,900	63,166	11021	31,656

* Planning grant requests are applicant driven and prior program year experiences did not provide sufficient activity on which to base a projection.

**No projections were made for Blight Elimination and Brownfield Redevelopment based on prior year experience. Two of the projects are part of a DHCD Housing initiative to provide additional affordable housing..

Commerce typically exceeds its overall beneficiary goals. All projects addressing the national objective of benefiting LMI persons usually exceed the minimum 51 percent benefit by several points. For projects meeting the LMI benefit criteria through job creation, businesses are required to work with the local Job Service to help ensure the LMI persons are aware of the available positions.

Projections for the Public Facilities program were far exceeded, in part because of the unexpected high number of applications funded and also because several projects were community-wide and having at least a 51% LMI population, causing the overall beneficiary numbers to be high. Results for the economic development programs exceed projections due to expanded scope of project requests in the program. This was not surprising given the projections did not factor in the economic recovery. Finally, the number of communities in the state that are LMI eligible based on the 2000 Census is much higher than the number based on the 1990 Census. This is not surprising given that household income in the state has lagged behind national growth rates. Furthermore, the significant number of layoffs in the manufacturing sector of the state's economy undoubtedly has raised the percentage of LMIs in some communities. The end result is the expanded number of LMI communities, plus communities hard hit with unemployment, added to the beneficiary numbers in the above table.

The Department's working relationships and funding partnerships with other state and federal agencies continue to contribute to efforts to target the funds to low and moderate-income areas. For example, many water and sewer projects assisted also include funding from the state's Clean Water Hardship fund, a funding source that also considers a community's distress factors (including income). The federal Rural Economic Development Agency, when establishing grant/loan ratios, measures a household's affordability of a utility service with the new user rates following a utility improvement. Public Facilities grant funds are usually requested for these projects in order to keep user rates to an affordability level. During the past year, there were projects seeking CDBG funds to pay the special assessments of households receiving improved water and sewer services.

Grant awards in the Economic Development CDBG programs are based on quantity and quality of jobs that are to be created in an assisted project. When filling newly created positions, participating businesses are required to work with their local job service agencies to assist unemployed or underemployed persons, who are primarily low and moderate-income persons. This requirement usually results in a very high percentile of the new positions being made available to low and moderate-income persons.

It is important to note that funding decisions for the CDBG economic development programs place considerable weight on the average wage of the positions being created and the level of benefits offered with the newly created positions. The focus on benefits helps to ensure that the low and moderate-income job recipients get access to affordable health insurance, which typically is an issue in a lower income household.

As mentioned above, a considerable amount of CDBG resources are awarded to very rural areas that are also characterized by having smaller cities and villages, many under 2,500 in population. It is these smaller communities that are often times more distressed and of more limited financial means than the larger communities. The majority of grants in the very small communities are typically Public Facilities projects. Several Economic Development grants during the reporting

period were made to counties because of the regional scope of the projects, particularly when a large business is involved and will be hiring a considerable amount of employees.

PART 5

NON-HOUSING COMMUNITY DEVELOPMENT BLOCK GRANT NARRATIVE STATEMENTS

Actions to Affirmatively Further Fair Housing

In its administration of the Non-Housing component of the Community Development Block Grant program, the DHCD ensures that program requirements are met regarding compliance with requirements to further fair housing opportunities. Additionally, the Department requires applicants to identify proposed efforts to continue or initiate actions that further fair housing. The identified action is then included in the terms and timetable of the contract for CDBG funds, and their efforts are monitored. The Department actively supports and promotes the state-wide biennial Fair Housing Conference and annual Homes for Everyone Conference. .

In addition to advocating fair housing awareness, the Department has published specific guidelines for CDBG grantees and applicants to refer to in addressing handicapped accessibility barriers in public places. These guidelines are available on the Department's website. These guidelines have been referenced in national email exchange groups as being a good model to refer to when designing local checklists.

In previous years, the Department has also funded handicapped accessibility improvement proposals. Handicapped accessibility improvements are not funded independently when the improvements are a part of a major rehabilitation or new construction project, since state and federal codes require that such accommodations are a part of the construction plans. The Department also provides critical information on Section 504 of the Rehabilitation Act of 1973 on the Commerce website.

Equal Opportunity Initiatives

The Department provides training, technical assistance and program materials to its CDBG recipients on equal opportunity issues, as well as undertakes affirmative marketing by encouraging the use of local businesses, women-owned businesses, and minority-owned businesses for supplies and services. Equal opportunity construction site signs are also provided. Program staff annually participates in a Department sponsored 2-day "Marketplace" fair attended by minority contractors seeking contracting and sale opportunities. Program staff exhibit at the fair with CDBG program information, including listings of recent grant recipients. The Department believes that in addition to working with grantees on minority contracting, contacts may also be facilitated by working with minority vendors to help identify contacts and potential business. Historically, the Department has been an advocate of minority business development as evidenced by its housing a Bureau of Minority Business Development. The Department also administers several other programs that help further minority business development. These programs include the Community-Based Economic Development Program, the Early Planning Grant program, the Business Development Initiative Micro Loan Program (targets disabled persons), the Minority Business Development Fund, and the Minority Business Development Revolving Loan Fund. Technical assistance is also provided to minority businesses through its Certification, Marketing Assistance, and American Indian Liaison programs.

Meeting Unmet or Underserved Needs

Program modifications undertaken the past year were designed to increase access to Block Grant funds for communities that have not yet participated in the program. When the Department considers funding for an

application that demonstrates need and is eligible, it takes into consideration prior participation in the State's CDBG program. The limiting of funds to repeated applicants allows the Department to fund more projects increasing participation rates by "newcomers" to the program.

The use of press releases on CDBG assisted projects is a means of communicating with local officials and community-based organizations to make them aware of the availability of CDBG funds for a wide variety of activities. Program management maintains an email distribution list of grant writers for purposes of disseminating the latest information regarding Department administrative practices or changes to the program.

The most important factor that helps in meeting unmet needs and/or reaching out to communities lacking staff or resources to pursue grants is the continual application process. As a result, staff can work more closely with applicants in the design of an application to make it fundable without being subject to criticism of giving one applicant an unfair advantage over the other since applications are no longer evaluated against each other for purposes of scoring them. This increased opportunity for one-on-one assistance better enables the structuring of an unmet need to fit the requirements of the program. The Department's Area Development Managers are knowledgeable of the Public Facilities and Planning Grant programs which enables them to more effectively identify for local governments funding options for community and economic development needs. They also provide feedback to CDBG administrators as to options for the Department to consider in their on-going efforts to maintain the program as a viable tool for community and economic development. Commerce's continued work with program user groups, including other professional organizations such as the Wisconsin Economic Development Association and the American Council of Engineering Companies, also serves as a means of learning about the unmet or underserved needs that exist at the local levels..

Unmet needs often arise from a lack of program knowledge or expertise in accessing state or federal funds. Despite years of extensive mailings, press releases, media events and workshops, many units of government do not fully understand the potential of CDBG funds, as well as other state and federal monies in addressing their specific needs. During the reporting period, there has been an increased use of the website and email for communicating with program users and others who are investigating funding options.

Enhancing Coordination

Program coordination remains a critical component of the Department's administration of the CDBG program. Staff participates on an Interagency Funding Resources Committee, which includes several other agencies that also fund water, and sewer related projects. The review of CDBG applications is done internally through a project review committee, which includes administrators and staff of other Department administered community and economic development programs. Application reviews also include consulting with other Divisions in the Department that administer related programs such as the Fire Fund, Private Waste Treatment System, and Building Inspection units. Regular dialog is maintained with the following agencies or offices:

Division of Housing and Community Development*	Dept. of Natural Resources
State Housing & Economic Development Authority	Federal Rural Economic Development Office
Wis. Business Development Finance Corporation	Wis. Department of Transportation
Forward Wisconsin	State Association of Consulting Engineers
State Division of Emergency Government	Wis. Department of Workforce Development

Leveraging/Matching Funds

As reported in prior annual reports, and as evidenced in program design, leveraging is a critical component of all projects assisted. Each of the CDBG programs Commerce administers requires minimum leveraging in order to be funded. The already intense demand for CDBG funds is only expected to increase meaning less CDBG dollars per project. Therefore, higher leveraging will result in order to complete the financing package needed for the proposed activity. Consideration is given to communities unable to leverage by crediting them with bonus points of household incomes in the community are lower than the state-wide average. Fund raising is also encouraged. A library project that was funded was initially provided a grant much smaller than requested, but the grant award contained a provision that the Department would match dollar for dollar up to \$250,000 any additional funding the applicant received from sources other than state and federal agencies. In the end, the applicant raised an additional \$500,000 for the project.

Leveraging is further accomplished by using standards for the amount a household can pay toward its utilities, and forcing, through the limiting of CDBG funds, the use of other loan funds including revenue bonds. The standard used to increase leveraging through utilizing other grants and borrowing options is that a household should not pay more than 3% of household income for water, and sewer combined. It is important to note that the use of this standard is in conjunction with other variables, to ensure that low and moderate-income households are not negatively impacted to the extent of eliminating the benefit of CDBG funding.

An internal COMMERCE project review committee process used for the review of CDBG applications is also effective in helping identify leveraging opportunities. The committee is comprised of individuals responsible for the administration of other state and federal programs, or

for the delivery of technical assistance services. The use of a broad range of expertise helps identify other funding options not known to applicants or CDBG program staff.

Part of the Public Facilities program requires a required minimum contribution from the local government. Applicants for Public Facilities funds are now required to contribute at least 10% of their own funds toward the project. The intent of this provision is not only to further leverage funds, but also to create “ownership” in the project. This provision also eliminates funding projects that are 100 % funded by outside sources.

Projects assisted during the reporting period have included match funds from the following sources (not all-inclusive):

State’s Clean Water Fund	Federal Rural Economic Development Program
Wis. Trust Fund Loan Program	Small Business Administration Programs
Tax Increment Bonding	Revenue Bonding
Commercial Banks	Equity Financing
Federal Economic Development Admin.	Private Donations/Foundations
General Obligation Fund Bonds	Wis. Department of Transportation Funding

COMMERCE SELF-ASSESSMENT Of ANNUAL PERFORMANCE

COMMERCE has met the program objectives and projections detailed in the CONPLAN for the reporting period. The reporting period for this report consisted of a state economy that suffered in substantial manufacturing job losses, but at the same time, an economic recovery began taking hold. Also characteristic of the reporting period is that most eligible applicants for the State’s CDBG program were faced with fiscal crisis. The combination of a recovering economy, along with tight budgets at the local government, contributed to the overall increased demand for CDBG funds.

COMMERCE continued to meet health and safety needs of low and moderate-income communities and project target areas. As in the past, the bulk of Public Facilities funding is used for water and sewer projects, but at the same time, there has been an increase in the number of projects assisted that are not water and sewer related. Program modifications initiated three years ago did allow for expanded options for local governments, particularly those that have met their health and safety needs with their own (or other) funding, or with previous Block Grant funding. Particularly noteworthy is the continued receipt of applications for multi-use public buildings (subsequently funded in the following program year). Because of limited revenues at the local level, and consistent with efforts to centralize services, applications were designed to combine senior centers with community centers and libraries, and sometimes the buildings are a part of a complex that includes the fire station and the government’s administrative offices. Although the offices are not eligible for funding, their proximity to the other facilities helps to create centers of activity within the community, oftentimes in the downtown area that benefits from increased traffic.

The evolution of multi-use facilities that also include a wide range of public services (i.e. meal programs, health screening, public health service information, social security services, and other related services) is welcomed as a means of more effectively utilizing Block Grant funds. Target

populations, particularly seniors, will benefit from an enhanced quality of life by combining social opportunities with critically important health maintenance services and information, and other supportive assistance. The multi-use facilities also demonstrate intergovernmental cooperation, demonstrated by getting county government agencies to commit to holding programs and seminars on a regular basis in the center. In one case, the local social security office will have a representative visiting a senior resource center on a regularly scheduled basis, to help seniors with questions and concerns regarding social security benefits.

The innovative Public Facility projects resulting from the modified application process support the claim that the program modifications are effective in making the program more user friendly, and realizing greater returns from the CDBG dollars. The program modifications are also contributing to more timely expenditures of funds because an evaluation criteria stressed to all applicants is project readiness.

The success of COMMERCE's CDBG programs can also be attributed to being responsive to user suggestions and recommendations. Newsletters and emails invite comment, as do surveys, both formal and informal.

CDBG funds continue to flow primarily to very small communities. This is no surprise, given that small and very rural communities typically have more scarce resources and expertise to undertake development projects and therefore rely on CDBG funding and technical assistance in their project planning and implementation. Improved synergies in program administration within the Department also helped target funds to areas of greatest need. For example, CDBG resources have continued the momentum established the year before in terms of enhancing the Department's Main Street/Downtown Development efforts.

The economic development CDBG programs continue to respond to changing economic needs. The targeting of funds to the dairy industry has resulted in much needed economic development to very rural areas of the state. The recent record-high prices for milk is resulting in the Department's re-evaluation of the need to target funds to farm production/employment related projects. In addition to creating farm jobs, agriculturally related economic development projects generate substantial spin-off benefits for local supplies and service providers as well as for local main streets and downtowns that provide for consumer goods. See Frymark edits

Favorable consideration continues to be given to economic development projects creating good paying jobs with benefits. Economic development grants are targeted to projects and programs that can effectively administer the funds, and guarantee continuing benefits from the initial expenditure of funds. Economic development funds have also been successful in meeting more than one national objective when funding a proposal. Several projects have provided both slum and blight elimination followed with development that has offered job opportunities for the benefit of low and moderate-income persons.

More specifically, progress as it relates to addressing program priorities is described as follows (to avoid redundancy, references will be made to previously presented tables and graphs in this report):

<u>PRIORITIES</u>	<u>RESULTS / ACCOMPLISHMENTS</u>
Upgrade Community Infrastructure <ul style="list-style-type: none"> ▪ <i>Water/Sewer</i> ▪ <i>Other Public Facilities</i> 	<p>The Public Facilities CDBG program is COMMERCE's primary tool for addressing these needs. As the charts and graphs presented previously indicate, a considerable amount of CDBG funds go to infrastructure. There was no shortage of funding for the infrastructure funding requests received, provided such requests met a national objective and met all program criteria, and the community had a financial need. The same holds true for "Other Public Facilities", and as discussed earlier, the trend toward multi-use buildings is ensuring maximum benefits from the Block Grant funds.</p>
<i>Job-Creation through business startup and expansions</i>	<p>Both the ED and PFED programs are targeted to job creation and retention. Over 1,209 610 HCD + ED jobs have been created or retained during the reporting period (most of these jobs were new jobs). The ED and PFED programs have also been a very effective tool in helping to implement the Governor's updated <i>Grow Wisconsin</i> plan which places considerable emphasis on job creation and retention.</p>
<i>Expansion of Taxbase</i>	<p>The turn-around in the economy is resulting in increased activity in plant expansions and new construction, thereby resulting the expansion of taxbase.</p>
<i>Leveraging of state and federal resources.</i>	<p>Significant strides continue to be made in increasing leveraging in the Public Facilities program through the increase of the minimum match needed to gain maximum points in that particular scoring category. The award of \$11+ million 12.7 + ED in all non-housing CDBG program categories during the reporting period has leveraged over \$67,693,452 52,751,000 + ED, a significant increase over the previous reporting period.</p>

ADDENDUM A

FEDERAL DISASTER ASSISTANCE GRANT - MARCH 31, 2006 STATUS				
	CDBG GRANT		MATCH	
Name	Amount	Drawn \$ (%)	Amount	Used \$ (%)
V. Cedar Grove	\$205,195	\$205,195 (100%)	\$95,095	\$99,130 (104%)
Milwaukee Co.	1,300,118	1,300,118 (100%)	25,231,000	32,666,744 (129%)
Rock Co.	462,153	460,153 (99%)	255,252	271,716 (106%)
C. Sheboygan	615,584	615,584 (100%)	370,916	678,240 (183%)
T. Waterford	112,954	112,954 (100%)	51,721	51,721 (100%)
Waukesha Co.*	690,996	690,996 (100%)	2,807,612	2,133,994 (76%)
TOTAL	\$3,387,000	\$3,385,000	\$28,811,596	\$35,901,545 (125%)

The six grants to local governments cover a variety of public facility improvements and housing relocations in order to reduce future damage from flooding. All six projects have been completed.

Village of Cedar Grove - \$205,195. This is a target area storm sewer replacement and extension project. Construction work has been completed, including additional flood damage related work allowed by favorable bids on the original project. The closeout report is being reviewed at Commerce

Milwaukee County - \$1,300,118. All four pre-existing pedestrian bridges over Lincoln Creek have been demolished and their replacements built as part of returning the Lincoln Creek corridor to a more natural state in order to reduce flooding, primarily in residential areas.

Rock County - \$462,153. This topographic mapping project is intended to allow for flood prevention planning.. The remaining funds will be disbursed after monitoring and receipt of the closeout report. Matching funds total \$271,716.50 (106 percent).

City of Sheboygan - \$615,584. The project involves target area storm sewer replacement and improvement. The work is complete.

Town of Waterford - \$112,954. This project consists of improvements to surface drainage, ditches, and 13 damaged culverts and catch basins. All the funds were drawn, and this project has been closed out.

Waukesha County - \$690,996. This project consists of storm sewer work and the relocation of multi-residential units. Most components of the project are complete, except for the resolution of acquisition and relocation costs in an activity that was delayed due to not getting the necessary permits in a timely manner.

ADDENDUM B

HOPWA Performance Chart1 and Chart 2